

## FINAL STATEMENT OF REASONS

**Explanation of Tandem Regulation Format and Process for Review**

The authority for the Quarterly Reporting/Prospective Budgeting (QR/PB) reporting system is specified in Assembly Bill (AB) 444 (Chapter 1022, Statutes of 2002), AB 692 (Chapter 1024, Statute of 2002), and AB 1402 (Chapter 398, Statutes of 2003). This regulation package contains a tandem regulation format to allow for the operation of both Monthly Reporting/Retrospective Budgeting (MR/RB) and QR/PB during counties' staggered implementation of Quarterly Reporting (QR) in accordance with the QR/PB Director's Declaration as specified in AB 444 (Chapter 1022, Statutes of 2002). This format is necessary to maintain current monthly reporting (MR) regulations for those counties that are pending QR implementation and will remain in place until all counties have implemented the QR system.

Regulations that become obsolete once QR is implemented in a county have been labeled as (MR) and the QR regulations replacing the MR rule follow. Regulations that become operative under QR are labeled (QR). In addition, each regulation impacted by QR includes a notification that QR regulations will replace the MR regulations once QR is implemented by the county.

Since the regulations designated as MR are existing regulations that have been subject to the rulemaking process upon their original adoption and are only being renumbered, these regulations are not subject to public comment and there will not be an accompanying "Specific Purpose/Factual Basis" for those regulations unless there are amendments other than renumbering being made.

Also, many of the new QR regulations retain the primary intent and substance of the MR requirements, but have been updated to include the appropriate QR terms and references; those regulations will also not be subject to public comment since there will be no change to the purpose or intent of the regulation. The "Factual Basis" for these regulations will read as follows: "This section is necessary to ensure the continuation of current requirements that remain relevant under QR." An example of such a regulation:

**Section 40-181.223**

(6) Section 40-181.223(MR) shall become inoperative and Section 40-181.223(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) In reunification cases, as defined in Section 80-301(r)(4), the parents are not required to submit a monthly eligibility report as long as the reunification plan remains in place.

(QR) In reunification cases, as defined in Section 80-301(r)(4), the parents are not required to submit a quarterly eligibility report as long as the reunification plan remains in place.

In certain cases, a QR provision that substantively duplicates the existing MR provision will also contain a change beyond the duplication. In such cases, the "Specific Purpose/Factual Basis" will address the additional provisions, which will be subject to public comment. Where the QR/PB-related change is directly related to a statutory requirement, additional language will be inserted to indicate the authority for the amended or adopted regulation.

a) Specific Purpose of the Regulations and Factual Basis for Determination that Regulations Are Necessary

Section 22-071.12

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 22-071.12. This QR provision also adds a requirement that the county provide CalWORKs recipients adequate notice when their grant is not changed due to a recipient mid-quarter report.

Factual Basis:

This amendment is necessary to ensure the continuation of current MR requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003). Under QR rules, when recipients submit a voluntary report, they may anticipate a grant increase. However, under certain circumstances the grant will not increase. Therefore, the recipient needs to be notified of this and given the opportunity to request a hearing.

Final Modification:

At the Department's discretion and for purposes of clarity and good public policy, Section 22-071.12(QR) is being amended to provide a time frame in which the county must issue a No Change NOA to the AU when a recipient mid-quarter voluntary report is made and the report results in no change to cash aid.

Section 22-072.2(j)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 22-072.2(j).

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Sections 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002). Note: This section is currently enjoined by the injunction in Saldivar v. McMahon.

Section 22-072.2(l)(QR)

Specific Purpose:

This section is adopted to specify that timely notice is not required when the county determines there will be no change in a recipient's cash aid as a result of a recipient mid-quarter report.

Factual Basis:

This adoption is necessary to clarify that timely notice is not required when there is no change to the amount of the recipient's cash grant as the result of a recipient mid-quarter report. Because the recipient's cash grant is not changed and aid paid pending is not applicable, timely notice is not necessary; however, adequate notice is required, as specified in Section 22-071.12.

Handbook Sections 22-305.422(a)(1), (2), and (3)

Specific Purpose:

These handbook sections are amended to add QR provisions that substantively duplicate, with appropriate QR terms and references, the existing Handbook Sections 22-305.422(a)(1), (2), and (3).

Factual Basis:

These amendments are necessary to continue under QR, existing MR related handbook examples, which remain relevant under QR and to comply with Welfare and Institutions Code Sections 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Final Modification

In response to public testimony Handbook Section 22-305.422(a)(1)(QR) is amended by replacing the word "Data Month" with the phrase "in the QR 7 Reporting Period" to ensure that the example more clearly reflects the intent of the regulation.

In response to public testimony Handbook Section 22-305.422(a)(2)(QR) is clarified by adding the phrase "on the QR 7" to the example to clarify that the respondent must report changes that occur in the QR 7 Reporting Period and changing the words "the next" to "a subsequent."

#### Section 40-036

##### Specific Purpose:

This section is adopted to establish how tandem regulations will be used, to ensure the continuation of current requirements that remain relevant under QR, and to designate when the monthly reporting (MR) regulations will become inoperative and when the quarterly reporting (QR) regulations will become operative.

##### Factual Basis:

This adoption is necessary to provide an explanation of when QR regulations will become effective and to comply with the provisions of AB 444 (Chapter 1022, Statutes of 2002), AB 692 (Chapter 1024, Statutes of 2002), and AB 1402 (Chapter 398, Statutes of 2003).

#### Section 40-103.5(QR)

##### Specific Purpose:

This section is adopted to define the Quarterly Reporting Cycle as three consecutive months.

##### Factual Basis:

This adoption is necessary to define new terminology used under the QR/PB system and to comply with the Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 40-103.51(QR)

##### Specific Purpose:

This section is adopted to define a QR Payment Quarter as the quarter for which cash aid is paid and is the three-month period immediately following the QR Submit Month.

##### Factual Basis:

This adoption is necessary to define new terminology used under the QR/PB system and to comply with the Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 40-103.52(QR)

##### Specific Purpose:

This section is adopted to define the next QR Payment Quarter as the quarter that follows the QR Submit Month.

##### Factual Basis:

This adoption is necessary to define new terminology used under the QR/PB system and to comply with the Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 40-103.53(QR)

##### Specific Purpose:

This section is adopted to define the QR Data Month as the month for which the recipient reports all information necessary to determine ongoing eligibility for CalWORKs cash aid. The QR Data Month is the second month of each QR Payment Quarter.

##### Factual Basis:

This adoption is necessary to define new terminology used under the QR/PB system and to comply with the Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 40-103.54(QR)

##### Specific Purpose:

This section is adopted to define the QR Submit Month as the month in which the QR 7 is required to be submitted to the county. The QR Submit Month is the third month of each QR Payment Quarter.

##### Factual Basis:

This adoption is necessary to define new terminology used under the QR/PB system and to comply with the Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Handbook Section 40-103.54(QR)

##### Specific Purpose:

This handbook example is adopted to illustrate how months are arranged in a QR Cycle.

Factual Basis:

This handbook example is necessary to further clarify new QR terms.

Section 40-103.55(QR) (Post-Hearing Modification)

Specific Purpose:

This section is adopted in response to public testimony to define the QR 7 Reporting Period as: the QR Data Month and the two preceding months.

Factual Basis:

This adoption is necessary to ensure statewide consistency when gathering quarterly information by defining new terminology used under the QR/PB system and to comply with the Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 40-105.14

Specific Purpose:

Section 40-105.14(MR) is amended for clarity to correct a cross-reference that is being renumbered in this filing. This section is further amended to add a QR provision that duplicates in part, with appropriate QR references, the existing Section 40-105.14. This QR provision specifies that applicants shall report any changes that may affect eligibility for cash aid within five days, and recipients shall report any changes required to be reported during the quarter within ten days, and provides cross-references to applicant and recipient reporting requirements regulation sections.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Handbook Section 40-105.222(b)

Specific Purpose:

This handbook section is amended to add a QR provision that substantively duplicates the existing Handbook Section 40-105.222(b).

Factual Basis:

This amendment is necessary to continue under QR an existing MR handbook example that remains relevant under QR.

Section 40-105.4(h) (Post-Hearing Modification)

Specific Purpose:

This section is amended to add a QR provision that duplicates, in part, the existing Section 40-105.4(h). This QR provision also changes the effective date for adding the needs of the parents or caretaker relative from the first of the month in which verification of immunization is received to the first of the month following the month in which verification of immunization is received.

Factual Basis:

This amendment is necessary for consistency with other QR provisions and to comply with Welfare and Institutions Code Section 11265.2(e).

Section 40-105.5(g) (Post-Hearing Modification)

Specific Purpose:

This section is amended to add a QR provision that duplicates, in part, the existing Section 40-105.5(g). This QR provision also changes the effective date for adding the needs of the parents or caretaker relative from the first of the month in which verification of school attendance is received to the first of the month following the month in which verification of school attendance is received.

Factual Basis:

This amendment is necessary for consistency with other QR provisions and to comply with Welfare and Institutions Code Section 11265.2(e).

Section 40-107 et seq.

Specific Purpose/Factual Basis:

This section is renumbered to maintain the same numbering system throughout the Manual of Policies and Procedures. Existing sections are further amended for clarity to correct cross-references that are being renumbered in this filing.

Section 40-107(a)(3)(MR) and Handbook Section 40-107(a)(3)(MR) (Renumbered from Section 40-107.13 and Handbook Section 40-107.13.)

Specific Purpose:

This section and handbook section are amended to provide that they become inoperative under QR.

Factual Basis:

This amendment is necessary to comply with the provisions of Section 37 of AB 444 (Chapter 1022, Statutes of 2002) which repealed the RISP provision.

Section 40-107(j)(QR)

Specific Purpose:

This section is being adopted to specify how counties are to establish QR cycles and the time frames in which counties are required to provide the QR 7 to recipients. This section also specifies that the county should align the CalWORKs annual redetermination of eligibility with the Food Stamp certification period and should also align the redetermination/recertification with the month the QR 7 is due. This section further specifies that the county shall provide the QR 7 at the end of each QR Data Month, but no later than the first day of each QR Submit Month.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Sections 40-107(j)(1)(QR), (2)(QR), and (3)(QR)

Specific Purpose:

These sections are being adopted to specify the county's responsibility to provide written notice to the AU regarding their individual QR cycle, when the QR 7s are due, and for which months the AU is responsible for reporting information.

Factual Basis:

This adoption is necessary for proper program administration to ensure that counties inform recipients of their individual QR cycles, the month their QR 7 is due, and for which months the AU must report information. This notice is necessary to help ensure that recipients meet QR requirements specified in Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 40-107(j)(3)(A)(QR) and Handbook Section 40-107(j)(3)(A)(QR)



Specific Purpose:

This section is adopted to describe how counties are to establish QR cycles based on the month of application. The handbook section illustrates how counties may choose to establish QR cycles based on the application date.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002). The handbook is necessary for clarity.

Section 40-107(j)(3)(B)(QR) and Handbook Section 40-107(j)(3)(B)(QR)

Specific Purpose:

This section is adopted to describe how counties are to establish QR cycles based on terminal digits (the last digit of an individual's case number). The handbook section illustrates how counties may choose to establish QR cycles based on terminal digits.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002). The handbook section is necessary for clarity.

Section 40-119.2

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-119.2.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 2002, Statutes of 2002) and Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

## Section 40-125.92

### Specific Purpose:

Section 40-125.92(MR) is amended for clarity to correct a cross-reference that is being renumbered in this filing. This section is further amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-125.92. This QR provision also clarifies that the applicant must provide the county with a current QR 7 if the county does not have a QR 7 for the quarter in which the applicant was discontinued to ensure the most current information is used to determine the AU's grant. The provision further specifies that AU may be assigned to the previous QR cycle or a new QR cycle based on the date of the most recent request for aid.

### Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and for proper program administration. The amendment is also necessary to clarify that the most current information should be obtained for grant determination purposes and to establish that for restorations, the county may assign the previous QR cycle or establish a new QR cycle. The amendment is also necessary to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 2002, Statutes of 2002).

## Section 40-125.921(MR)

### Specific Purpose:

This section is amended to provide that it will become inoperative under QR.

### Factual Basis:

This amendment is necessary to comply with Welfare and Institutions Code Section 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002). Under QR, aid will always be computed prospectively based on the information submitted on the QR 7 making this provision obsolete when QR is implemented.

## Sections 40-125.94 and .941 (Section 40-125.941 renumbered from .94a.)

### Specific Purpose:

Section 40-125.941(MR) is amended for clarity to correct a cross-reference that is being renumbered in this filing. These sections are further amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Sections 40-125.94 and .941.

This QR provision specifies that the county shall determine if good cause exists for late QR 7 reports received after the first working day of the next QR Payment Quarter. Section 40-

125.941 is renumbered to maintain the same numbering system throughout the Manual of Policies and Procedures.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with the Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 40-125.942 (Renumbered from Section 40-125.94b.)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-125.942. Section 40-125.942 is renumbered to maintain the same numbering system throughout the Manual of Policies and Procedures.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 40-125.943 (Renumbered from Section 40-125.94c.)

Specific Purpose/Factual Basis:

Section 40-125.943 is renumbered to maintain the same numbering system throughout the Manual of Policies and Procedures.

Section 40-125.95(QR)

Specific Purpose:

This section is adopted to specify that when a former recipient requests restoration of cash aid after a discontinuance due to excess property, the county shall verify that the AU did not transfer assets for less than fair market value.

Factual Basis:

This adoption is necessary for proper program administration and to ensure that the county verifies that the AU did not transfer assets for less than fair market value when it requests a restoration of cash aid after a discontinuance due to excess property.

Section 40-125.951(QR)

Specific Purpose:

This section is adopted to specify that if an AU requests restoration of cash aid before the effective date of discontinuance, the county shall verify the property spend down and if property eligible, rescind the discontinuance.

Factual Basis:

This adoption is necessary for the fair and equitable treatment of recipients and proper program administration as it ensures that when an AU requests restoration of cash aid, after a discontinuance due to excess property, the county shall verify the property spend down and rescind the discontinuance if the AU is verified to be eligible before the date of discontinuance.

Section 40-125.952(QR)

Specific Purpose:

This section is adopted to specify that if an AU requests restoration after the effective date of discontinuance, eligibility and grant amount is to be determined based on information provided at the time of the request for restoration. Beginning date of aid rules apply. The county may assign the AU to the previous QR cycle, or a new QR cycle based upon the date of restoration.

Factual Basis:

This adoption is necessary for the fair and equitable treatment of applicants and proper program administration as it ensures that when an AU reapplies for cash aid after the effective date of discontinuance, the AU's eligibility and grant amount will be redetermined based on new information provided at the time of the request for restoration.

Final Modification

In response to public testimony, this section is amended to provide clarity and consistency of terms used under this section by replacing the phrases "an AU" with "a former recipient" and "of restoration" with "cash aid is restored."

Section 40-125.96(QR)

Specific Purpose:

This section is adopted to establish that an AU discontinued due to excess income may request restoration of cash aid if a loss or reduction of reasonably anticipated income occurs.

Factual Basis:

This adoption is necessary for the fair and equitable treatment of recipients as it ensures that an AU discontinued for excess income can request restoration of cash aid if a loss or reduction of reasonably anticipated income occurs.

#### Section 40-125.961(QR)

##### Specific Purpose:

This section is adopted to specify that if an AU requests restoration of cash aid before the effective date of discontinuance, the county shall determine income eligibility and rescind the discontinuance if the AU is found eligible.

##### Factual Basis:

This adoption is necessary for the fair and equitable treatment of recipients and proper program administration as it ensures that an AU can request restoration of cash aid if the AU becomes income eligible before the effective date of discontinuance and that the county shall rescind the discontinuance if the AU is determined to be eligible.

#### Section 40-125.962(QR)

##### Specific Purpose:

The section is adopted to specify that if an AU requests restoration of cash aid after the effective date of discontinuance, eligibility and grant amount shall be based on the information provided at the time of request for restoration. Beginning date of aid rules apply and the county may assign the AU to the previous QR cycle, or a new QR cycle based on the date of restoration.

##### Factual Basis:

This adoption is necessary for the fair and equitable treatment of recipients and proper program administration as it ensures that an AU can request restoration of cash aid if the AU becomes income eligible after the effective date of discontinuance however, the AU's eligibility and grant amount level will be redetermined based on new information provided at the time of the request for restoration.

##### Final Modification

In response to public testimony this section is amended for clarity and consistency of the terms used under this section by replacing the phrases "an AU" with "a former recipient" and "of restoration" with "cash aid is restored."

Section 40-131.3 et seq.

Specific Purpose/Factual Basis:

This section is renumbered to maintain the same numbering system throughout the Manual of Policies and Procedures. Existing sections are further amended for clarity to correct cross-references that are being renumbered in this filing.

Section 40-131.3(p)(MR) and Handbook Section 40-131.3(p)(MR) (Renumbered from Section 40-131.3p.)

Specific Purpose:

This section and handbook section are amended to provide that they become inoperative under QR.

Factual Basis:

This amendment is necessary to comply with the provisions of Section 37 of AB 444 (Chapter 1022, Statutes of 2002) which repealed the RISP provision.

Section 40-173.1

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates existing Section 40-173.1. This QR provision also requires a recipient notification when "not changing the amount of the grant," following the submittal of a recipient voluntary mid-quarter report.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to ensure that recipients receive notification that their grant has not changed based on information provided in a recipient voluntary mid-quarter report. Under QR rules, when recipients submit a voluntary report, they may anticipate a grant increase. However, under certain circumstances the grant will not increase. Therefore, the recipient needs to be notified of this and given the opportunity to request a hearing.

Section 40-173.8(QR)

Specific Purpose:

This section is being adopted to establish that the county must inform each AU in writing of their Individual Income Reporting Threshold (IRT) at least once per quarter.

Additional informing is required when MAP amount changes, when the AU or family MAP size changes, when there is a change of persons who must report income, at redetermination, or upon recipient request.

Factual Basis:

This adoption is necessary to comply with the Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003). This section also provides for consistency with current informing practices.

Sections 40-173.81(QR), .82(QR), and .83(QR)

Specific Purpose:

These sections are adopted to specify that the IRT informing notice must include the requirement to report gross monthly income that exceeds the IRT, the dollar amount of gross monthly income for the family MAP that exceeds the IRT, and the consequences of failing to report.

Factual Basis:

These adoptions are necessary to comply with the Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Section 40-181.1(a)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, and updates the existing Section 40-181.1(a).

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with the Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002) and 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Section 40-181.1(a)(1)(QR)

Specific Purpose:

This section is adopted to establish that under QR, certain eligibility requirements including deprivation, household composition, property, and the transfer of assets or income for less than fair market value is only determined on a quarterly basis based on the information reporting on the QR 7. This section also requires the county to compare any information received mid-quarter from the recipient with that reported on the QR 7.

Factual Basis:

This adoption is necessary to ensure proper program administration and integrity as it ensures consistency and accuracy in reporting. This adoption is also necessary to comply with the Welfare and Institutions Code Sections 11265.1 and 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002) and 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Section 40-181.1(b)(MR)

Specific Purpose:

This section is amended to provide that it will become inoperative under QR.

Factual Basis:

This amendment is necessary to comply with the provisions of Section 37 of AB 444 (Chapter 1022, Statutes of 2002) which repealed the RISP provision.

Section 40-181.1(d)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR references, the existing Section 40-181.1(d). This QR provision also removes the reference to property from the regulation.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to remove the reference to property because unexpected changes in property will not affect the AU's cash aid during the QR Payment Quarter. This amendment is also necessary to comply with the Welfare and Institutions Code Section 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 40-181.1(e)(1)

Specific Purpose:

Section 40-181.1(e)(1)(MR) is amended for clarity to correct a cross-reference that is being renumbered in this filing. This section is further amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 40-181.1(e)(1).

Factual Basis:



This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR. This amendment is also necessary to comply with the Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 40-181.1(e)(2)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-181.1(e)(2).

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR. The amendment is also necessary to comply with the Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 40-181.1(g)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-181.1(g). The QR provision also changes the reporting requirement from five days to ten days.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Section 40-181.212(MR)

Specific Purpose:

This section is amended to provide that it will become inoperative under QR.

Factual Basis:

This amendment is necessary to comply with the provisions of Section 37 of AB 444 (Chapter 1022, Statutes of 2002) which repealed the RISP provision.

#### Section 40-181.217(QR)

##### Specific Purpose:

This section is adopted to specify that if redetermination occurs outside of the QR Data Month, the county shall act mid-quarter to increase, decrease, or discontinue cash aid as appropriate.

##### Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11265. QR rules prohibiting decreases in cash aid mid-quarter do not supercede the annual redetermination requirement of Welfare and Institutions Code Section 11265.

#### Handbook Section 40-181.217(QR)

##### Specific Purpose:

This handbook section is adopted to encourage the county to align the CalWORKs redetermination period with the Food Stamp Program recertification period and to align the annual redetermination with the QR Data Month.

##### Factual Basis:

This adoption is necessary to advise counties of recommended, although not mandatory, action that should reduce their administrative efforts.

#### Section 40-181.22

##### Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-181.22.

##### Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and for proper program administration. This amendment is also necessary to comply with Welfare and Institutions Code 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 40-181.221 et seq.

Specific Purpose/Factual Basis:

This section is renumbered to maintain the same numbering system throughout the Manual of Policies and Procedures. Existing sections are further amended for clarity to correct cross-references that are being renumbered in this filing.

Section 40-181.221

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-181.221.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 40-181.221(a) (Renumbered from Section 40-181.221a.)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 40-181.221(a).

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 40-181.221(b) (Renumbered from Section 40-181.221b.)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-181.221(b).

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 40-181.221(d) (Renumbered from Section 40-181.221d.)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-181.221(d).

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 40-181.221(e) (Renumbered from Section 40-181.221e.)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-181.221(e). This section is further amended to provide the correct name of the child support agency responsible for the collection of child support by changing the "Child Support Enforcement Unit of the District Attorney's Office" to the "Local Child Support Agency."

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002). This amendment is also necessary to correctly reference the appropriate agency responsible for child support collection activities.

Section 40-181.222 et seq.

Specific Purpose/Factual Basis:

This section is renumbered to maintain the same numbering system throughout the Manual of Policies and Procedures.

Section 40-181.222(a) et seq. (Renumbered from Section 40-181.222a.)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-181.222(a).

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 40-181.223

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-181.223.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 40-181.23

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-181.23.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 40-181.231

Specific Purpose:

Section 40-181.231(MR) is amended for clarity to correct cross-references that is being renumbered in this filing. This section is further amended to add a QR provision that substantively duplicates, with appropriate QR terms references, the existing Section 40-181.231.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 40-181.231(a)

Specific Purpose:

Section 40-181.231(a)(MR) is amended for clarity to correct a cross-reference that is being renumbered in this filing. This section is further amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 40-181.231(a).

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 40-181.24

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-181.24.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 40-181.241

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-181.241.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, Chapter 1022, Statutes of 2002.

Section 40-181.241(a)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-181.241(a).

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 40-181.241(a)(1)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-181.241(a)(1).

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 40-181.241(a)(2)(MR) et seq.

Specific Purpose:

This section is amended to provide that it will become inoperative under QR.

Factual Basis:

This amendment is necessary to comply with Welfare and Institutions Code Section 11265.1(e)(1), as amended by AB 444 (Chapter 1022, Statutes of 2002), which provides no exceptions to the requirement that the quarterly report be signed no earlier than the first day of the QR submit month.

Section 40-181.241(b)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-181.241(b).

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 40-181.241(c)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-181.241(c). This QR provision also adds a requirement to specify that the QR 7 form shall be signed under penalty of perjury.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with the Welfare and Institutions Code Section 11265.1(d), as amended by AB 444 (Chapter 1022, Statutes of 2002) which requires that the quarterly report form is signed under penalty of perjury.

Section 40-181.241(e)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-181.241(e). This provision further specifies that income reasonably anticipated to be received during the next QR Payment Quarter shall be reported.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Sections 11265.1 and 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 40-181.241(f)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-181.241(f).



Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 40-181.241(g)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 40-181.241(g).

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 40-181.241(h)

Specific Purpose:

Section 40-181.241(h)(MR) is amended for clarity to correct a cross-reference that is being renumbered in this filing. This section is further amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 40-181.241(h).

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 40-181.241(i)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-181.241(i), and the cross-reference is corrected from Section 44-133.71 to Section 89-201.5. Section 40-181.241(i)(MR) is further amended for clarity to correct a cross-reference that was inadvertently not renumbered when the referenced section was renumbered.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Sections 40-181.242 and .243(a)

Specific Purpose/Factual Basis:

These sections are amended for clarity to correct cross-references that are being renumbered in this filing.

Section 40-181.244

Specific Purpose:

Section 40-181.244(MR) is amended for clarity to correct a cross-reference that is being renumbered in this filing. This section is further amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 40-181.244.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 40-181.25

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-181.25.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 40-181.251

##### Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-181.251.

##### Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 40-181.252

##### Specific Purpose:

Section 40-181.252(MR) is amended for clarity to correct a cross-reference that is being renumbered in this filing. This section is further amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 40-181.252.

##### Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and for the proper administration of the program. This amendment is also necessary to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 40-181.252(a)

##### Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-181.252(a).

##### Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 40-181.252(f)

##### Specific Purpose:

Section 40-181.252(f)(MR) is amended for clarity to correct a cross-reference that is being renumbered in this filing. This section is further amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 40-181.252(f).

##### Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 40-181.253

##### Specific Purpose:

Section 40-181.253(MR) is amended for clarity to correct a cross-reference that is being renumbered in this filing. This section is further amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 40-181.253.

##### Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 40-181.26

##### Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 40-181.26. This QR provision also updates the cross-reference relative to child support disregard payments from Section 43-203.11 to Section 82-520.2.

##### Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to provide the correct cross-reference regarding child/spousal disregards payments. This amendment is also necessary to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 40-181.312

##### Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-181.312.

##### Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 40-181.32

##### Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-181.32.

##### Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Sections 11265.1 and 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 40-188.14

##### Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 40-188.14.

##### Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

##### Final Modification:

This regulation is amended, at the Department's discretion, by adding language indicating that cash aid shall continue until the end of the QR Payment Quarter in which the transfer period ends. This amendment provides clarity as to the length of time the first county is to provide cash aid.

#### Section 40-190.21(QR)

##### Specific Purpose:

This section is adopted to require in Intercounty Transfer cases, that the second county shall establish the recipient's quarterly reporting cycle and that this cycle may differ from the first county's quarterly reporting cycle. Existing Sections 40-190.21, .22 et seq., .23, and .24 and existing Handbook Section 40-190.231 and renumbered to Sections 40-190.22, .23 et seq., .24, and .25 and Handbook Section 40-190.241.

##### Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002). The renumbering is necessary to accommodate the addition of the new Section 40-190.21(QR).

#### Section 41-405.11(QR)

##### Specific Purpose:

This section is adopted to add a QR provision that provides when deprivation ceases mid-quarter, the county shall not take mid-quarter action. Any change in deprivation shall be reported on the QR 7 and any change in eligibility or grant amount that results from the change in deprivation shall be effective the first day of the next QR Payment Quarter.

##### Factual Basis:

This adoption is necessary to ensure mid-quarter changes in deprivation are not acted on mid-quarter and to comply with Welfare and Institutions Code Section 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 41-405.2(MR) et seq.

##### Specific Purpose:

This section is amended to provide that it will become inoperative under QR.

##### Factual Basis:

This amendment is necessary because QR/PB provides for a period of readjustment by not allowing counties to terminate aid to an AU when deprivation ceases until the end of a quarter. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

## Section 42-209.1

### Specific Purpose/Factual Basis:

This section is numbered to Section 42-209.1 to allow for the addition of a new Section 42-209.2(QR). This renumbering is necessary to maintain the same numbering system throughout the Manual of Policies and Procedures.

## Section 42-209.2(QR)

### Specific Purpose:

This section is adopted to differentiate nonrecurring lump sum income as property in the month of receipt and any subsequent month under Quarterly Reporting.

### Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Sections 11265.1, 11265.2, and 11450.5 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 389, Statutes of 2003) which require that income be prospectively budgeted and reasonably anticipated to be received in order to determine grant amount for a future period. Nonrecurring lump sum income, by definition, will not continue beyond the date of receipt and it cannot be reasonably anticipated to continue for purposes of QR/PB. Therefore, under QR requirements, nonrecurring lump sum income cannot affect the grant in the month in which it is received or the remaining months of the quarter. Therefore, it can only be treated as property and such treatment in CalWORKs will also be compatible with the Food Stamp Program requirements.

### Final Modification:

In response to testimony, a comma is added after the word “payments” for clarity.

## Section 42-213.11 et seq.

### Specific Purpose/Factual Basis:

This section is renumbered to maintain the same numbering system throughout the Manual of Policies and Procedures.

## Section 42-213.11(h) (Renumbered from Section 42-213.11h.)

### Specific Purpose:

This section is amended to add a QR provision that substantively duplicates the existing Section 42-213.11(h). This QR provision is also amended to provide that after the initial

eligibility determination, the county shall only make a determination when the county receives information on the QR 7 that there has been a change.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Sections 11265.1 and 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 42-213.411(QR)

Specific Purpose:

This section is adopted to add a QR provision that specifies that the county shall not act during the QR Payment Quarter if the exemption period for a home of an applicant who has entered into marital separation, ends during the quarter. The home shall be used to determine eligibility for the QR Payment Quarter following the QR Payment Quarter in which the exemption period ended.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11265.2, as amended by AB 444 (Chapter 1022, and Statutes of 2002).

Section 42-213.421(QR)

Specific Purpose:

This section is adopted to add a QR provision that specifies that the county shall not act during the QR Payment Quarter if the exemption period for a home of a recipient who has entered into a marital separation ends during the quarter. The home shall be used to determine eligibility for the QR Payment Quarter following the QR Payment Quarter in which the exemption period ended.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11265.2, as amended by AB 444 (Chapter 1022, and Statutes of 2002).

Section 42-221.1

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 42-221.1. This QR provision also eliminates the reference to income that is transferred or given away for less than fair market value and adds "including cash" as a parenthetical clarifier.



Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Sections 11265.1, 11265.2, and 11450.5 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 389, Statutes of 2003).

This amendment is also necessary to remove the reference to income (disposed of for less than fair market value), because the type of income in question would have been nonrecurring lump sum income disposed of in the month received for the period of ineligibility to have been applicable. Welfare and Institutions Code Sections 11265.1, 11265.2, and 11265.3 require that income be prospectively budgeted and reasonably anticipated to be received in order to determine grant amount for a future period. Nonrecurring lump sum income, by definition, will not continue beyond the date of receipt, and it cannot be reasonably anticipated to continue for purposes of QR/PB. Therefore, under QR requirements, nonrecurring lump sum income cannot affect the grant in the month in which it is received or the remaining months of the quarter. Therefore, it can only be treated as property and such treatment in CalWORKs will also be compatible with the Food Stamp Program requirements.

Section 42-221.4

Specific Purpose:

This section is amended to provide that Section 42-221.4(MR) will become inoperative under QR. This section is further amended to add a QR provision that specifies that nonrecurring lump sum income/payments shall be treated as property and shall be subject to the period of ineligibility rules for transfer of property for less than fair market value.

Factual Basis:

This amendment is necessary to comply with Welfare and Institutions Code Sections 11265.1, 11265.2, and 11450.5 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 389, Statutes of 2003) which require that income be prospectively budgeted and reasonably anticipated to be received in order to determine grant amount for a future period. Nonrecurring lump sum income, by definition, will not continue beyond the date of receipt and it cannot be reasonably anticipated to continue for purposes of QR/PB. Therefore, under QR requirements, nonrecurring lump sum income cannot affect the grant in the month in which it is received or the remaining months of the quarter. Therefore, it can only be treated as property and such treatment in CalWORKs will also be compatible with the Food Stamp Program requirements.

## Section 42-221.41

### Specific Purpose:

This section is amended to add a QR provision that duplicates in part the existing Section 42-221.41. This QR provision specifies that income will be considered nonrecurring if all of the following apply.

### Factual Basis:

This amendment is necessary to remove the reference to transfer of period of ineligibility as it relates to nonrecurring lump sum income because it is no longer applicable. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.1, 11265.2, and 11450.5 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 389, Statutes of 2003) which require that income be prospectively budgeted and reasonably anticipated to be received in order to determine grant amount for a future period. Nonrecurring lump sum income, by definition, will not continue beyond the date of receipt and it cannot be reasonably anticipated to continue for purposes of QR/PB. Therefore, under QR requirements, nonrecurring lump sum income cannot affect the grant in the month in which it is received or the remaining months of the quarter. Therefore, it can only be treated as property and such treatment in CalWORKs will also be compatible with the Food Stamp Program requirements.

## Section 42-221.42 et seq.

### Specific Purpose:

Sections 42-221.423(MR) and .424(MR) are amended for clarity to correct cross-references that are being renumbered in this filing. This section is further amended to provide that it will become inoperative under QR.

### Factual Basis:

This amendment is necessary to ensure removal of regulations relevant to how the POI for transfer of income is determined, as they will become obsolete under QR. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.1, 11265.2, and 11450.5 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 389, Statutes of 2003) which require that income be prospectively budgeted and reasonably anticipated to be received in order to determine grant amount for a future period. Nonrecurring lump sum income, by definition, will not continue beyond the date of receipt and it cannot be reasonably anticipated to continue for purposes of QR/PB. Therefore, under QR requirements, nonrecurring lump sum income cannot affect the grant in the month in which it is received or the remaining months of the quarter.

Therefore, it can only be treated as property and such treatment in CalWORKs will also be compatible with the Food Stamp Program requirements.

Handbook Section 42-221.5(MR) et seq.

Specific Purpose:

This section is amended to provide that it will become inoperative under QR.

Factual Basis:

This amendment is necessary to remove a handbook example that will become obsolete under QR.

Section 42-221.61

Specific Purpose:

This section is amended to add QR provisions that duplicate, in part, the existing Section 42-221.61. This QR provision eliminates the term "income" and specifies that when the family has transferred property which results in a period of ineligibility, the period of ineligibility begins as listed in the following subsections.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to remove a reference to a transfer of income that is not relevant under QR (see Factual Basis for Section 44-221.4) and to require counties to continue to apply and begin the period of ineligibility when a family transfers property. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.1, 11265.2, and 11450.5 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 389, Statutes of 2003).

Section 42-221.611(MR)

Specific Purpose:

This section is amended to provide that it will become inoperative under QR.

Factual Basis:

This amendment is necessary to remove a provision that will become obsolete under QR. Cash aid will not be suspended during the QR Payment Quarter as grants are established for the entire quarterly period. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.1, 11265.2, and 11450.5 as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 42-221.612

Specific Purpose:

This section is amended to add QR provisions that duplicate, in part, the existing Section 42-221.612. The QR provision replaces the phrase "is two months or more" with "has been determined."

Factual Basis:

This amendment is necessary to eliminate the reference to two months because such reference will be obsolete since there will no longer be suspense months under QR. Cash aid will not be suspended during the QR Payment Quarter as grants are established for the entire quarterly period. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.1, 11265.2, and 11450.5 as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 42-221.612(a)

Specific Purpose:

This section is amended to add QR provisions that duplicate, in part, the existing Section 42-221.612(a). The QR provision requires that when a period of ineligibility has been determined, aid shall be discontinued and the period of ineligibility shall begin the first month of the next QR Payment Quarter following the transfer and shall continue for the determined number of months of ineligibility. It further provides that any aid received by the AU during the ineligible months of the quarter is an overpayment.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and that a discontinuance resulting from a period of ineligibility will not begin until the first of the month of the next QR Payment Quarter following the transfer and shall continue for the determined number of months of ineligibility. This amendment is also necessary to comply with the Welfare and Institutions Code Sections 11265.1 and 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 42-221.612(b)(MR)

Specific Purpose:

This section is amended to provide that it will become inoperative under QR.

Factual Basis:

This section is necessary to remove a provision that will no longer be applicable under QR and to comply with Welfare and Institutions Code Sections 11265.1 and 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002).

### Section 42-221.613

#### Specific Purpose:

This section is amended to add a QR provision that duplicates in part the existing Section 42-221.613. The QR provision deletes the term "suspend" and adopts new terminology used under QR/PB to specify that when the transfer is discovered too late to discontinue for the first month of the QR Payment Quarter, the period of ineligibility shall begin the first of the month within the QR Payment Quarter after timely and adequate notice is given and any aid received by the AU during the ineligible month(s) of the current quarter is an overpayment.

#### Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Sections 11265.1 and 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002).

### Section 42-221.614

#### Specific Purpose:

This section is amended to add a QR provision that duplicates in part the existing Section 42-221.614. This QR provision specifies that when the transfer is in the first or second month of aid, any resulting period of ineligibility shall begin the first month of the next QR Payment Quarter and shall continue for the determined number of months.

#### Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Sections 11265.1 and 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002).

### Section 42-221.7

#### Specific Purpose:

This section is amended to add a QR provision that substantively duplicates the existing Section 42-221.7. This QR provision also deletes the term "income" to specify that transfer of property shall not apply to applicants.

#### Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to remove a reference to "income" that is not relevant in this context under QR (see Factual Basis for Section 44-221.4). This amendment is also necessary to

comply with Welfare and Institutions Code Sections 11265.1 and 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 389, Statutes of 2003).

#### Section 42-302.2

##### Specific Purpose:

This section is amended to add a QR provision that substantively duplicates the existing Section 42-302.2. This QR provision also deletes the reference to Reduced Income Supplemental Payments (RISP) (Section 44-400).

##### Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with the provisions of Section 37 of AB 444 (Chapter 1022, Statutes of 2002) which repealed the RISP provision.

#### Sections 42-302.21(g)(1)(F) and .33

##### Specific Purpose/Factual Basis:

These sections are amended for clarity to correct cross-references that are being renumbered in this filing.

#### Section 42-406.24

##### Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 42-406.24.

##### Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 42-407.1

##### Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 42-407.1. This section is further amended to include recipient mid-quarter reports as part of other information known to the county which can be used to compare information for inconsistencies.

##### Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with the Welfare and Institutions Code Section 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 42-716.851

##### Specific Purpose:

This section is amended to provide that Section 42-716.851(MR) will become inoperative under QR. This section is further amended to add a QR provision that provides the authority to counties to begin grant-based OJT placements mid-quarter.

##### Factual Basis:

This amendment is necessary to remove a provision that will no longer be applicable under QR because all grants are prospectively budgeted under QR. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.1, 11265.2, and 11450.5 as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 42-721.414(QR)

##### Specific Purpose:

This section is adopted to add a QR provision that specifies that, under QR, financial sanctions are county-initiated mid-quarter changes.

##### Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 42-721.483(QR)

##### Specific Purpose:

This section is adopted to specify that restoration of aid to a sanctioned individual who has corrected his/her welfare-to-work participation problem is a county-initiated mid-quarter change under QR and to clarify the beginning date for the restoration of aid.

##### Factual Basis:

This adoption is necessary to ensure that cash aid is restored as soon as permitted for an individual who has corrected his welfare-to-work participation problem and who is otherwise eligible. This adoption is also necessary to provide cross-references to Sections 44-316.331(c)(QR) and 44-318.13(QR) which, respectively, instruct counties that the restoration of aid to a sanctioned individual who has corrected his/her welfare-to-work participation problem is a county-initiated mid-quarter change under QR and that aid is to be restored beginning the first of the month following the date the person meets the requirement which caused the individual to be excluded from the AU, after all other eligibility conditions have been met. This adoption is also authorized under Welfare and Institutions Code Section 11265.2(d), as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 42-751.4(e)(4)(QR)

##### Specific Purpose:

This section is adopted to specify the time frames for recouping supportive services overpayments by grant adjustment.

##### Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 42-769.4

##### Specific Purpose:

This section is amended to add a QR provision that substantively duplicates the existing Section 42-769.4. This QR provision deletes the reference to Reduced Income Supplement Payments which will no longer be relevant under QR.



Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with the provisions of Section 37 of AB 444 (Chapter 1022, Statutes of 2002) which repealed the RISP provision.

Section 42-769.5(QR)

Specific Purpose:

This section is adopted to add a QR provision that requires that Cal-Learn bonuses and sanctions be considered county-initiated mid-quarter changes as described in Section 44-316.33(QR).

Factual Basis:

This adoption is necessary to avoid any delay in the payment of Cal-Learn bonuses or application of Cal-Learn sanctions and to comply with Welfare and Institutions Code Section 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 44-101 et seq.

Specific Purpose/Factual Basis:

This section is renumbered to maintain the same numbering system throughout the Manual of Policies and Procedures. Existing sections are further amended for clarity to correct cross-references that are being renumbered in this filing.

Section 44-101(a)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 44-101, introductory paragraph. This section is further amended to include the evaluation of reasonably anticipated income as available income to the family.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Sections 11265.1 and 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002) which require anticipated income to be considered in determining available income.

Section 44-101(b)(1)(D) (Renumbered from Section 44-101.114.)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 44-101.114. This section is further amended to add a provision that specifies that if these funds are paid as a nonrecurring lump sum payment, they shall be treated as property.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.1, 11265.2, and 11450.5 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 389, Statutes of 2003) which require that income be prospectively budgeted and reasonably anticipated to be received in order to determine grant amount for a future period. Nonrecurring lump sum income, by definition, will not continue beyond the date of receipt and it cannot be reasonably anticipated to continue for purposes of QR/PB. Therefore, under QR requirements, nonrecurring lump sum income cannot affect the grant in the month in which it is received or the remaining months of the quarter. Therefore, it can only be treated as property and such treatment in CalWORKs will also be compatible with the Food Stamp Program requirements.

Section 44-101(b)(2)(C) (Renumbered from Section 44-101.123.)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 44-101.123. This section is further amended to add a provision that specifies that if these funds are paid as a nonrecurring lump sum payment, they shall be treated as property.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.1, 11265.2, and 11450.5 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 389, Statutes of 2003) which require that income be prospectively budgeted and reasonably anticipated to be received in order to determine grant amount for a future period. Nonrecurring lump sum income, by definition, will not continue beyond the date of receipt and it cannot be reasonably anticipated to continue for purposes of QR/PB. Therefore, under QR requirements, nonrecurring lump sum income cannot affect the grant in the month in which it is received or the remaining months of the quarter. Therefore, it can only be treated as property and such treatment in CalWORKs will also be compatible with the Food Stamp Program requirements.

Section 44-101(c)(QR) et seq.

Specific Purpose:

This section is being adopted to define "reasonably anticipated income" in the QR/PB System.

Factual Basis:

The adoption of this section is necessary to define new terminology used under the QR/PB System and to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 44-101(l) (Renumbered from Section 44-101.12.)

Specific Purpose:

This section is amended to provide that Section 44-101(l)(MR) will become inoperative under QR. This section is further amended to require that lump sum payments be considered as property in the QR/PB System.

Factual Basis:

This amendment is necessary to comply with Welfare and Institutions Code Sections 11265.1, 11265.2, and 11450.5 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 389, Statutes of 2003) which require that income be prospectively budgeted and reasonably anticipated to be received in order to determine grant amount for a future period. Nonrecurring lump sum income, by definition, will not continue beyond the date of receipt and it cannot be reasonably anticipated to continue for purposes of QR/PB. Therefore, under QR requirements, nonrecurring lump sum income cannot affect the grant in the month in which it is received or the remaining months of the quarter. Therefore, it can only be treated as property and such treatment in CalWORKs will also be compatible with the Food Stamp Program requirements.

Section 44-101(m)(QR) et seq.

Specific Purpose:

This section is being adopted to define the "income reporting threshold" in the QR/PB System.

Factual Basis:

The adoption of this section is necessary to define new terminology used under the QR/PB System and to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Ch. 398, Stats. of 2003).

Final Modification:

In response to public testimony, a space is being added between the words “a” and “CalWORKs” to correct a typographical error.

Section 44-102 et seq.

Specific Purpose/Factual Basis:

This section is renumbered to maintain the same numbering system throughout the Manual of Policies and Procedures.

Section 44-102.1

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 44-102.1, introductory paragraph. This section is further amended to include reasonably anticipated income as being available to meet the needs of the AU.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR. This amendment is also necessary to require the county to include reasonably anticipated income when determining CalWORKs eligibility and grant amounts and to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 44-102.14 et seq. (Renumbered from Section 44-102d.)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 44-102.14 et seq. This section is further amended to provide that reasonably anticipated monthly recurring unearned governmental benefits be considered available income to meet the needs of the AU in accordance with Section 44-315.31(QR).

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to require the county to include reasonably anticipated monthly recurring unearned governmental benefits as income in accordance with Section 44-315.31(QR), when determining CalWORKs eligibility and grant amounts. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 44-111.2

Specific Purpose/Factual Basis:

This section is amended for clarity to correct cross-references that are being renumbered in this filing.

Section 44-111.472

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 44-111.472. This section is further amended to include child support reasonably anticipated to be received in the payment quarter as countable income.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to require the county to include reasonably anticipated child support payments when determining CalWORKs eligibility and grant amounts. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Sections 44-113.211, .212, and .212(a)(2)

Specific Purpose:

These sections are amended to add QR provisions that substantively duplicate, with appropriate QR terms and references, the existing Sections 44-113.211, .212, and .212(a)(2). These sections are further amended to include income and self-employment expenses reasonably anticipated to be received in the QR Payment Quarter as countable income.

Factual Basis:

These amendments are necessary to ensure the continuation of current requirements that remain relevant under QR and to require the county to include reasonably anticipated income and self-employment expenses when determining CalWORKs eligibility and grant amounts. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 44-113.213

Specific Purpose:

Section 40-105.14(MR) is amended for clarity to correct a cross-reference that is being renumbered in this filing. This section is further amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 44-113.213.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant under QR.

Section 44-113.214

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 44-113.214. This section is further amended to require the application of the \$225 income disregard to the monthly disability-based unearned income reasonably anticipated to be received in the QR Payment Quarter.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to require that the \$225 income disregard be applied to the monthly disability-based unearned income reasonably anticipated to be received in the QR Payment Quarter. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 44-113.215

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 44-113.215. This section is further amended to require the application of any remainder of the \$225 disregard to the reasonably anticipated

total monthly earned income the family reasonably anticipated to be received in the QR Payment Quarter.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to specify that any remainder of the \$225 disregard shall be applied to the reasonably anticipated total monthly earned income that the family reasonably anticipates to receive in the QR Payment Quarter. These amendments are also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Handbook Section 44-113.22

Specific Purpose:

This handbook section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Handbook Section 44-113.22. This handbook section illustrates the application of income disregards to reasonably anticipated earned income.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under the QR/PB System and to provide an example as to how income disregards are applied to reasonably anticipated income.

Sections 44-113.31 and .32

Specific Purpose:

These sections are amended to add QR provisions that substantively duplicate, with appropriate QR terms, the existing Sections 44-113.31 and .32. These sections are further amended to specify that income from social security or railroad retirement benefits and income from other types of pensions are those amounts reasonably anticipated to be received during the QR Payment Quarter.

Factual Basis:

These amendments are necessary to ensure the continuation of current requirements that remain relevant under QR and to specify that income from social security or railroad retirement benefits and income from pensions are those amounts reasonably anticipated to be received during the QR Payment Quarter. These amendments are also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 44-113.4 et seq. (Renumbered from Section 44-113.5 et seq.)

Specific Purpose/Factual Basis:

This section is renumbered to maintain the same numbering system throughout the Manual of Policies and Procedures.

Section 44-113.411 (Renumbered from Section 44-113.5(a).)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 44-113.5(a). This section is further amended to specify that net income from an unrelated adult male includes cash that is reasonably anticipated to be given to the AU in the QR Payment Quarter that is available to meet the needs of the AU.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to ensure that cash from an unrelated adult male that is reasonably anticipated to be given to the AU in the QR Payment Quarter is net income to the AU. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 44-113.412 (Renumbered from Section 44-113.5(b).)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 44-113.5(b). This section is further amended to include as net income to the AU the value of full items of need reasonably anticipated to be provided in kind by the unrelated adult male in the QR Payment Quarter.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to ensure that the value of full items of need reasonably anticipated to be provided to the AU in kind by unrelated adult male in the QR Payment Quarter be considered net income to the AU. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).



Section 44-113.42 (Renumbered from Section 44-113.51.)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 44-113.51. This section is further amended to specify that the cash being referred to in the regulation is that which is reasonably anticipated to be given to the AU in the QR Payment Quarter.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant under QR and to ensure that the type of cash being referred to in the regulation is that which is reasonably anticipated to be given to the AU in the QR Payment Quarter. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 44-113.5 (Renumbered from Section 44-113.7.)

Specific Purpose:

This section is renumbered to maintain the same numbering system throughout the Manual of Policies and Procedures. This section is amended to add a QR provision that duplicates in part with appropriate QR terms and references, the existing Section 44-113.7. This section is further amended to specify that the child/spousal support being referred to is that which is reasonably anticipated to be paid to the AU by the absent parent during the QR Payment Quarter. This section also omits reference to child/spousal support collected by the county which is no longer passed on to the AU.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to ensure that the child/spousal support being referred to is that which is reasonably anticipated to be paid to the AU during the QR Payment Quarter. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002). Section 44-113.5 is further amended to remove the obsolete reference to treatment of child support collected by the county and paid to the AU pursuant to Section 82-520.4.

Section 44-113.6 et seq. (Renumbered from Section 44-113.8 et seq.)

Specific Purpose/Factual Basis:

This section is renumbered to maintain the same numbering system throughout the Manual of Policies and Procedures.

Section 44-113.61 (Renumbered from Section 44-113.81.)

Specific Purpose:

This section is amended to provide that Section 44-113.81(MR) will become inoperative under QR. This section is further amended to require that lump sum retirement contributions be treated as property in the QR/PB System.

Factual Basis:

This amendment is necessary to comply with Welfare and Institutions Code Sections 11265.1, 11265.2, and 11450.5 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 389, Statutes of 2003) which require that income be prospectively budgeted and reasonably anticipated to be received in order to determine grant amount for a future period. Nonrecurring lump sum income, by definition, will not continue beyond the date of receipt and it cannot be reasonably anticipated to continue for purposes of QR/PB. Therefore, under QR requirements, nonrecurring lump sum income cannot affect the grant in the month in which it is received or the remaining months of the quarter. Therefore, it can only be treated as property and such treatment in CalWORKs will also be compatible with the Food Stamp Program requirements.

Section 44-113.62 (Renumbered from Section 44-113.82.)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 44-113.82. This QR provision also adds a requirement that if the interest payment retirement contributions is nonrecurring, it shall be treated as property.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.1, 11265.2, and 11450.5 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 389, Statutes of 2003) which require that income be prospectively budgeted and reasonably anticipated to be received in order to determine grant amount for a future period. Nonrecurring lump sum income, by definition, will not continue beyond the date of receipt and it cannot be reasonably anticipated to continue for purposes of QR/PB. Therefore, under QR requirements, nonrecurring lump sum income cannot affect the grant in the month in which it is received or the remaining months of the quarter. Therefore, it can only be treated as property and such treatment in CalWORKs will also be compatible with the Food Stamp Program requirements.

Section 44-113.7 (Renumbered from Section 44-113.9.)

Specific Purpose/Factual Basis:

This section is renumbered to maintain the same numbering system throughout the Manual of Policies and Procedures.

Section 44-113.8 et seq. (Renumbered from Section 44-113.10 et seq.)

Specific Purpose:

This section is renumbered to maintain the same numbering system throughout the Manual of Policies and Procedures. This section is further amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 44-113.10. This QR provision also adds a requirement that if the portion of the payment that exceeds the value of the converted property is nonrecurring it shall be treated as property.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.1, 11265.2, and 11450.5 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 389, Statutes of 2003) which require that income be prospectively budgeted and reasonably anticipated to be received in order to determine grant amount for a future period. Nonrecurring lump sum income, by definition, will not continue beyond the date of receipt and it cannot be reasonably anticipated to continue for purposes of QR/PB. Therefore, under QR requirements, nonrecurring lump sum income cannot affect the grant in the month in which it is received or the remaining months of the quarter. Therefore, it can only be treated as property and such treatment in CalWORKs will also be compatible with the Food Stamp Program requirements.

Section 44-115.11

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 44-115.11.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 44-115.12

##### Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 44-115.12. This QR provision also includes the QR concept of reasonably anticipated receipt of free board and lodging during the QR Payment Quarter.

##### Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to ensure the consideration as income of reasonably anticipated free board and lodging. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 44-115.21

##### Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 44-115.21. This QR provision also includes the QR concept of reasonably anticipated receipt of the income in kind during the QR Payment Quarter.

##### Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to provide for the consideration of reasonably anticipated income in kind from a nonneedy relative. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 44-115.32

##### Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 44-115.32. This QR provision also includes the QR concept of reasonably anticipated receipt of the income item in question.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Handbook Section 44-133.54

Specific Purpose:

These handbook examples are amended to add QR provisions that substantively duplicate, with appropriate QR terms, the existing Handbook Section 44-133.54. These QR handbook provisions also include the QR concept of reasonably anticipated receipt of the income during the QR Payment Quarter.

Factual Basis:

These amendments are necessary to ensure the continuation of current handbook material that remains relevant under QR and to provide examples of QR financial eligibility and grant computations.

Final Modification:

In response to public testimony, Handbook Section 44-133.43 Example 4 is being deleted as it is not an applicable example for this section.

Section 44-205.1 et seq. (Renumbered from Section 205.6 et seq.)

Specific Purpose/Factual Basis:

This section is renumbered to maintain the same numbering system throughout the Manual of Policies and Procedures.

Section 44-205.121(a) and Handbook Section 44-205.121(a) (Renumbered from Section 44-205.63a. and Handbook Section 44-205.631a.)

Specific Purpose:

This section and handbook section are amended to add a QR provision that allows for the addition of the newborn into the AU on the first of the month following the report of the birth and the grant increases due to the addition of the child and all conditions of eligibility have been met.

Factual Basis:

This section and handbook section are amended to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Section 44-205.122(a) (Renumbered from Section 44-205.632a.)

Specific Purpose:

This section is amended to add a QR provision that allows for the addition of the unaided father of the newborn into the AU on the first of the month following the report of the birth if the grant increases due to the addition of the unaided father and all conditions of eligibility have been met.

Factual Basis:

This section is amended to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Final Modification:

In response to public testimony, this section is being clarified by adding language and related reference cites to clarify that the father of a newborn is added to the AU the first of the next QR Payment Quarter if adding him results in a decrease in cash aid provided that all conditions of eligibility have been met and verification provided.

Section 44-205.7(MR) et seq.

Specific Purpose:

This section regarding the establishment of a separate FBU when the existing FBU is in a period of ineligibility resulting from receipt of lump sum income will become inoperative under QR.

Factual Basis:

This amendment is necessary to comply with Welfare and Institutions Code Sections 11265.1, 11265.2, and 11450.5 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 389, Statutes of 2003) which require that income be prospectively budgeted and reasonably anticipated to be received in order to determine grant amount for a future period. Nonrecurring lump sum income, by definition, will not continue beyond the date of receipt and it cannot be reasonably anticipated to continue for purposes of QR/PB. Therefore, under QR requirements, nonrecurring lump sum income cannot affect the grant in the month in which it is received or the remaining months of the quarter.

Therefore, it can only be treated as property and such treatment in CalWORKs will also be compatible with the Food Stamp Program requirements.

#### Section 44-207.21 et seq.

##### Specific Purpose:

This section is amended to add a QR provision that duplicates in part the existing Section 44-207.21. This QR provision includes the QR concept of reasonably anticipated receipt of income during the QR Payment Quarter. It also adds a requirement that an AU will remain financially eligible if its income does not exceed the family's MAP level for more than one month of the QR Payment Quarter.

##### Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

#### Section 44-207.23

##### Specific Purpose:

This section is amended to provide that Section 44-207.23(MR) will become inoperative under QR. This section is further amended to add a QR provision that, once financial eligibility is established by the AU for the QR Payment Quarter, it will continue unless the AU's income exceeds its IRT and the family's reasonably anticipated monthly income for the remainder of the quarter exceeds the AU's MAP.

##### Factual Basis:

This amendment is necessary to comply with Welfare and Institutions Code Section 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002) and Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

#### Section 44-207.24

##### Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 44-207.24. This QR provision also incorporates the QR concept of reasonably anticipated income and allows for the rescinding of the discontinuance if the reasonably anticipated income that exceeded the AU's MAP will not continue.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002) and Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Section 44-207.3(MR) et seq.

Specific Purpose:

This section is amended to provide that it will become inoperative under QR.

Factual Basis:

This amendment is necessary to remove a provision that will no longer be applicable under QR. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.1, 11265.2, and 11450.5 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 389, Statutes of 2003) which require that income be prospectively budgeted and reasonably anticipated to be received in order to determine grant amount for a future period. Nonrecurring lump sum income, by definition, will not continue beyond the date of receipt and it cannot be reasonably anticipated to continue for purposes of QR/PB. Therefore, under QR requirements, nonrecurring lump sum income cannot affect the grant in the month in which it is received or the remaining months of the quarter. Therefore, it can only be treated as property and such treatment in CalWORKs will also be compatible with the Food Stamp Program requirements.

Section 44-211.11(QR)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR references, the existing Section 44-211.11. This QR provision adds a cross-reference to Section 44-316.314(QR).

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to provide a cross-reference for clarity. This amendment is also necessary to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).



Final Modification:

At the Department's discretion, this section is amended to revise the cross-reference which is being renumbered from Section 44-316.314(QR) to Section 44-316.312(d)(QR).

Section 44-211.2

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 44-211.2.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 44-211.63 et seq. and .641

Specific Purpose:

These sections are amended to add QR provisions that substantively duplicate, with appropriate QR terms references, the existing Sections 44-211.631, .632, .633, and .64. These QR provisions also provide that the pregnancy special need may continue through the end of the quarter in which the child is expected to be born. If the child is added to the AU following a voluntary mid-quarter report, the pregnancy special need shall be discontinued at the end of the month prior to the month the child is added.

Factual Basis:

These amendments are necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002) and Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Final Modification:

At the Department's discretion, Section 44-211.631(QR) is amended to correct a cross reference.

In response to public testimony, Section 44-211.641(QR) is being amended by adding a cross-reference to Section 44-318.15(QR) for additional clarity.

Section 44-211.642(QR)

Specific Purpose:

This section is adopted to specify that pregnancy is only verified when first reported and when the pregnancy continues beyond the originally estimated date of birth.

Factual Basis:

This adoption is necessary to provide clarity by establishing guidelines for the verification of pregnancy.

Section 44-304.511

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 44-304.511 which pertains to when warrants shall be available to recipients.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 44-304.512

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 44-304.512 which pertains to when warrants shall be available to recipients.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 44-304.52

##### Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 44-304.52 which pertains to when warrants shall be available to recipients.

##### Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 44-305.231

##### Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 44-305.231 which pertains to when warrants shall be available to recipients.

##### Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 44-313 (Introductory Paragraphs)

##### Specific Purpose:

This section is amended to duplicate, in part, Section 44-313 (Introductory Paragraphs) and to render the existing references to retrospective budgeting inoperative under QR. This QR provision is also amended to specify that prospective budgeting is the budgeting method used for QR and to add the QR concept of reasonably anticipated income.

##### Factual Basis:

This amendment is necessary to continue current requirements that remain relevant under the QR and to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

## Section 44-313.11

### Specific Purpose:

This section is amended to add a QR provision that duplicates in part with appropriate QR terms and references, the existing Section 44-313.11. This QR provision also incorporates the QR concept of reasonably anticipated income used to determine aid for the QR Payment Quarter and also specifies an exception when actual income is used in conjunction with reasonably anticipated income to determine an aid payment.

### Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002) and Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

### Final Modification:

In response to public testimony, this section is being clarified by deleting the phrase "an estimate of the" and adding the phrase "that is."

## Section 44-313.111(QR) et seq. (Post-Hearing Modification)

### Specific Purpose:

These sections are adopted, at the Department's discretion, to clarify that counties are to use income information from the QR 7 and mid-quarter reports to determine eligibility and cash aid for a QR Payment Quarter and the need for case documentation.

### Factual Basis:

These sections are necessary to provide guidance to the counties as to what income information is used to determine eligibility and cash aid for the QR Payment Quarter and the acceptable forms of documentation necessary to support the determination. This provision is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

## Section 44-313.121

### Specific Purpose:

This section is amended to provide that Section 44-313.121(MR) will become inoperative under QR. This section is further amended to add a QR provision that requires that prospective budgeting be used to compute the grant for the QR Payment Quarter.

Factual Basis:

This amendment is necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Sections 44-313.122 and .123

Specific Purpose:

These sections are amended to provide that they will become inoperative under QR.

Factual Basis:

These amendments are necessary because the sections will be obsolete under QR since all months of aid shall be computed using prospective budgeting. These amendments are also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Sections 44-313.2(MR) et seq. and .3(MR)

Specific Purpose:

Section 44-313.221(MR) is amended for clarity to correct a cross-reference that is being renumbered in this filing. These sections are further amended to provide that they will become inoperative under QR.

Factual Basis:

These amendments are necessary because the sections will be obsolete under QR since all months of aid shall be computed using prospective budgeting. These amendments are also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 44-313.41

Specific Purpose:

This section is amended to add a QR provision that duplicates in part the existing Section 44-313.41, but requires the use of prospective budgeting in all instances of adding a new person to an existing AU in accordance with Section 44-316.312(QR).

Factual Basis:

This amendment is necessary to ensure that prospective budgeting is used in all cases of adding new persons to an existing AU in accordance with Section 44-316.312(QR) and to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Final Modification:

At the Department's discretion, this section is amended to revise the cross-reference which is being renumbered from Section 44-316.312(QR) to Section 44-316.312(b)(QR).

Sections 44-313.411(MR), .412(MR), and .413(MR), and Handbook Sections 44-313.412(MR), .413(MR), and .421(MR)

Specific Purpose:

Section 44-313.411(MR) and Handbook Section 44-313.413(MR) are amended for clarity to correct cross-references that are being renumbered in this filing. These sections and handbook sections are amended to provide that they will become inoperative under QR.

Factual Basis:

These amendments are necessary as these sections will become obsolete under QR because there are no provisions for retrospective budgeting. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 44-313.42

Specific Purpose:

This section is amended to add a QR provision that duplicates in part the existing Section 44-313.42. This section is further amended to require that the income of an individual deleted from an AU is not to be considered income to the AU except as specified in the subsections of this section.

Factual Basis:

This amendment is necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 44-313.421

Specific Purpose:

This section is amended to add a QR provision that duplicates in part, the existing Section 44-313.42. The QR provision replaces the term "retrospective budget" with "prospective budget."

Factual Basis:

This amendment is necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002), which requires prospective budgeting as the method to compute aid.

Section 44-313.61

Specific Purpose:

This section is amended to add a QR provision that prospective budgeting shall continue to be used for those recipients who transfer from the Refugee cash assistance to a CalWORKs recipient. This section is further amended to provide that the MR provision shall become inoperative under QR.

Factual Basis:

As provided in MPP Section 69-205.11, the Refugee Cash Assistance Program uses the CalWORKs budgeting methods which require prospective budgeting under QR. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002), which requires prospective budgeting as the method to compute aid.

Section 44-313.62(MR)

Specific Purpose:

This section is amended to provide that it will become inoperative under QR.

Factual Basis:

This amendment is necessary because this section will become obsolete under QR because there are no provisions for retrospective budgeting. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 44-314.11

Specific Purpose:

Section 44-314.11(MR) is amended for clarity to correct a cross-reference that is being renumbered in this filing. This section is further amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 44-313.42, and to provide that the section which references suspense months will become inoperative under QR.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and the deletion of the reference to suspense months is necessary because it will become obsolete under QR. Cash aid will not be suspended during the QR Payment Quarter as grants are established for the entire quarterly period. This amendment is also necessary to comply with Welfare and Institutions Code Section 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 44-315.31(QR)

##### Specific Purpose:

This section is adopted to specify that reasonably anticipated monthly income shall be used to determine cash aid for the QR Payment Quarter.

##### Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 44-315.311 et seq.

##### Specific Purpose:

This section is adopted to establish that income shall be considered to be reasonably anticipated if the county determines that the income has been or will be approved or authorized within the next QR Payment Quarter, or the household is reasonably certain that the income will be received within the QR Payment Quarter, and the amount of the income is known.

##### Factual Basis:

This section is adopted to define reasonably anticipated income and to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 44-315.312

##### Specific Purpose:

This section is adopted to specify that the county may require the recipient to provide one or more months of the previous quarter's income when the county needs more information to determine what income is reasonably anticipated for the next QR Payment Quarter.



Factual Basis:

This adoption is necessary to allow counties to request additional information from the recipient in order to determine reasonably anticipated income for the next QR Payment Quarter. This adoption is also necessary to comply with Welfare and Institutions Code Sections 11265.2(c) and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 44-315.313

Specific Purpose:

This section is adopted to establish that income which is uncertain or cannot be reasonably anticipated will not be counted when determining income eligibility and cash aid. This section also provides a reference section for the definition of reasonably anticipated income.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002), which requires counties to use reasonably anticipated income to calculate cash aid.

Section 44-315.314

Specific Purpose:

This section is adopted to require the county to determine whether the reasonably anticipated income as reported for the QR Data Month will continue or be different for one or more months of the next QR Payment Quarter.

Factual Basis:

This adoption is necessary to ensure that the county determines whether the income reported for the Data Month will continue or be different for one or more months in the next QR Payment Quarter. This adoption is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 44-315.315(QR)

Specific Purpose/Factual Basis:

This adoption is necessary to establish a category of requirements related to income that is expected to continue in the next QR Payment Quarter and used to determine a monthly income amount to be used in CalWORKs cash aid for the QR Payment Quarter.

#### Section 44-315.315(a)(QR)

##### Specific Purpose:

This section is adopted to establish that for income that is expected to continue, the county shall add weekly or bi-weekly Data Month income amounts reported on the QR 7 and divide that total by the number of pay periods in the Data Month to arrive at an average weekly or bi-weekly income amount to which the conversion factor is applied.

##### Factual Basis:

This adoption is necessary to establish a procedure that will enable counties to arrive at an average weekly or bi-weekly amount when income is expected to continue, to which the conversion factor is applied. This adoption is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 44-315.315(a)(1)(QR)

##### Specific Purpose:

This section is adopted to establish that if an AU reports on the QR 7 that it is paid on a weekly or bi-weekly basis and indicates that no changes in income are anticipated in the upcoming quarter compared to the Data Month income, and the county is in agreement with the AU's report, the county shall compute their income into an average weekly or bi-weekly amount as specified in Section 44-315.315(a)(QR).

##### Factual Basis:

This adoption is necessary to instruct the county to convert the AU's reported income into an average weekly or bi-weekly amount as specified in Section 44-315.315(a)(QR) when the AU reports on the QR 7 that it is paid on a weekly or bi-weekly basis and does not anticipate any changes in income in the upcoming quarter compared to the Data Month income reported on the QR 7, and the county is in agreement. The conversion into an average weekly or bi-weekly income amount is needed in order to apply the weekly or bi-weekly conversion factors provided in Section 44-315.315(b)(QR). This adoption is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 44-315.315(a)(2)(QR)

##### Specific Purpose:

This section is adopted to establish that if an AU reports on the QR 7 that it is paid on a weekly or bi-weekly basis and anticipates changes in income in the upcoming quarter, but the county determines in its follow-up review that the AU's reasonably anticipated income for the next QR Payment Quarter will not change from what was reported in the Data

Month on the QR 7, the county shall convert the AU's income into an average weekly or bi-weekly amount as specified in Section 44-315.315(a)(QR).

Factual Basis:

This adoption is necessary to instruct the county to convert the AU's income into an average weekly or bi-weekly amount, as specified in Section 44-315.315(a)(QR), when the AU reports on the QR 7 that it is paid on a weekly or bi-weekly basis and indicates that it anticipates changes in income in the upcoming quarter, but the county determines in its follow up review that the AU's reasonably anticipated income in the next QR Payment Quarter will not change from what was reported in the Data Month on the QR 7. The conversion into an average weekly or bi-weekly income amount is needed in order to apply the weekly or bi-weekly conversion factors provided in Section 44-315.315(b)(QR). This adoption is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Final Modification:

At the Department's discretion, this section is amended to provide clarity by adding the correct punctuation and the transition word "or" to accommodate one additional circumstance that has been added to Section 44-315.315(a)(QR).

Section 44-315.315(a)(3)(QR) (Post-Hearing Modification)

Specific Purpose:

This section is adopted, at the Department's discretion, to establish that if an AU reports on the QR 7 that it is paid on a weekly or bi-weekly basis and indicates that it anticipates changes in income in the upcoming quarter and the new amount is known and that the amount will remain the same for the entire QR Payment Quarter and the county is in agreement with the AU's report of the change in income, the county shall compute their income into a weekly or bi-weekly amount as specified in Section 44-315.315(a)(QR).

Factual Basis:

This adoption is necessary to instruct the county to compute the AU's income into a weekly or bi-weekly amount as specified in Section 44-315.315(a)(QR) when an AU reports on the QR 7 that it is paid on a weekly or bi-weekly basis and indicates that it anticipates changes in income in the upcoming quarter and the new amount is known and that the amount will remain the same for the entire QR Payment Quarter and the county is in agreement with the AU's report of the change in income. This adoption is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

## Handbook Section 44-315.315(a)(QR) Examples

### Specific Purpose/Factual Basis:

The handbook examples are adopted to illustrate when and how weekly and bi-weekly income is averaged. These adoptions are necessary for clarity.

### Final Modification:

A new handbook section is added to provide an example of when a QR 7 is received and it indicates that the recipient's reasonably anticipated bi-weekly income is expected to change from what was reported on the QR 7 but the income change will remain constant for the next QR Payment Quarter, the conversion factor shall be applied.

## Section 44-315.315(b)(QR)

### Specific Purpose:

This section is adopted to specify that the average weekly and bi-weekly amounts shall be converted to a monthly amount by using a 4.33 conversion factor for weekly payments and a 2.167 conversion factor for payments received bi-weekly.

### Factual Basis:

This adoption is necessary to provide mathematically accurate weekly and bi-weekly conversion factors that will enable counties to convert weekly and bi-weekly payments to a monthly amount that is required for QR budgeting purposes. This adoption is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002), which requires counties to reasonably anticipate income.

## Section 44-315.315(c)(QR) and Handbook Section 44-315.315(c)(QR)

### Specific Purpose:

This section is adopted to specify that the 4.33 and 2.167 conversion factors can be used only if the reasonably anticipated weekly and bi-weekly payments are reasonably anticipated to be paid throughout the entire QR Payment Quarter (for each week or for every other week). This section also specifies that for reasonably anticipated income that is not reasonably anticipated to be paid weekly or bi-weekly for one or more months of the QR Payment Quarter, the total reasonably anticipated monthly income amounts shall be added together and averaged over the QR Payment Quarter. A handbook example is adopted to illustrate when the conversion factor would not be applied.

Factual Basis:

This adoption is necessary for proper treatment of income as it ensures that the conversion factors are not used when income is not paid on a weekly or bi-weekly basis throughout the entire payment quarter (for each week or for every other week). This adoption is also necessary to ensure that for income that is not paid weekly or bi-weekly for one or more months of the QR Payment Quarter, the total reasonably anticipated monthly income amounts shall be added together and averaged over the QR Payment Quarter. This adoption is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002), which requires counties to reasonably anticipate income. The handbook example is necessary for clarity.

Section 44-315.315(d)(QR) and Handbook Section 44-315.315(d)(QR)

Specific Purpose:

This section is adopted to specify that for income that is received monthly or semi-monthly and is expected to continue, the county shall use the total monthly income amount reported on the QR 7 for the QR Data Month to calculate cash aid for the next QR Payment Quarter. This section is also adopted to specify that conversion factors are not used for income that is received monthly or semi-monthly. A handbook example is adopted to illustrate how monthly income is used to calculate cash aid.

Factual Basis:

This adoption is necessary for proper treatment of income as it instructs counties to use the total monthly income amount reported on the QR 7 for the Data Month to calculate cash aid for the next QR Payment Quarter when income is received monthly or semi-monthly and is expected to continue. This adoption is also necessary to require that conversion factors not be used for income that is received monthly or semi-monthly and to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002) which requires counties to reasonably anticipate income. The handbook example is necessary for clarity.

Section 44-315.316(QR) and Handbook Section 44-315.316(QR)

Specific Purpose:

This section is adopted to specify that when income is reasonably anticipated to be different for one or more months of the QR Payment Quarter, the monthly income amounts shall be averaged by adding each month's total income and dividing that total by the number of months in the QR Payment Quarter. If this income is paid on a weekly or bi-weekly basis, the county shall determine the number of pay periods and their amounts reasonably anticipated to be received during each month of the QR Payment Quarter to compute the reasonably anticipated income total for each month. The handbook example is provided to illustrate how such income would be computed.

Factual Basis:

This adoption is necessary to instruct counties on how to determine the reasonably anticipated monthly income when the income is expected to be different for one or months of the QR Payment Quarter. This section is also adopted to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002) which requires counties to reasonably anticipate income. The handbook example is provided for clarity.

Section 44-315.317(QR)

Specific Purpose:

This section is adopted to specify that when a recipient mid-quarter report or a county initiated action changes the amount of cash aid, the county shall determine the grant amount by adding the monthly income of the remaining months of the QR Payment Quarter then dividing by the number of months remaining the QR Payment Quarter. The reasonably anticipated monthly income shall be used to calculate cash aid for the remainder of the QR Payment Quarter.

Factual Basis:

This adoption is necessary to instruct counties on how to arrive at the reasonably anticipated income used to calculate cash aid for the remainder of the QR Payment Quarter when a recipient mid-quarter report or a county initiated action changes the amount of cash aid. This adoption is necessary to comply with Welfare and Institution Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code 11265.3 as amended by AB 1402 (Chapter 398, Statutes of 2003).

Final Modification

At the Department's discretion, this section is amended to correct a cross reference.

Sections 44-315.32 through .38

Specific Purpose/Factual Basis:

These sections are renumbered to allow for the addition of a new Section 44-315.31(QR).

Handbook Section 44-315.39 (Renumbered from Handbook Section 44-315.38.)

Specific Purpose:

This handbook section is amended to add QR provisions that duplicate in part, with appropriate QR terms and references, the existing Handbook Section 44-315.39. One QR example relates to when an AU has stable monthly income, a second example pertains to an

AU that has fluctuating income, and a third example illustrates a computation related to mid-quarter changes to benefits.

Factual Basis:

This amendment is necessary for clarity as it provides examples of grant computations based on stable income, fluctuating income, and mid-quarter recipient reports.

Final Modification

In response to public testimony, Handbook Section 44-316.39 Example 2(QR) is being clarified by adding the cents in the example to reflect existing "rounding" rules.

Sections 44-315.5 and .721

Specific Purpose/Factual Basis:

These sections are amended for clarity to correct cross-references that are being renumbered in this filing.

Section 44-315.8 et seq.

Specific Purpose:

Section 44-315.83(MR) is amended for clarity to correct a cross-reference that is being renumbered in this filing. This section is amended to provide that it will become inoperative under QR.

Factual Basis:

These amendments are necessary because the provisions become obsolete under QR. Aid will not be suspended during the QR Payment Quarter, as grants are established for an entire quarterly period. These amendments are also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 44-316 and Title

Specific Purpose/Factual Basis:

The section title is amended to reflect the addition of new requirements for county actions. This section is also renumbered to maintain the same numbering system throughout the Manual of Policies and Procedures. Existing sections are further amended for clarity to correct cross-references that are being renumbered in this filing.

Sections 44-316.1 and .11(MR)

Specific Purpose:

These sections are amended to provide that they will become inoperative under QR.

Factual Basis:

These amendments are necessary to remove provisions that will no longer be applicable under QR and to comply with Welfare and Institutions Code Sections 11265.1 and 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 44-316.2 (Renumbered from Section 44-316.12.)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates in part, with appropriate QR terms and references, the existing Section 44-316.12 and delete language that is unnecessary or not relevant under QR.

Factual Basis:

This amendment is necessary to comply with Welfare and Institutions Code Sections 11265.1 and .2, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Final Modification:

In response to public testimony, this section is being clarified by adding the word "amount" after "grant"; and by replacing the phrase "in that QR Payment Quarter" with "from the QR 7 Reporting Period" and the term "subsequent" with "next."

The section paragraph of Section 44-316.2 is amended to delete the .2 designation. This amendment is necessary to remove duplicate numbering.

Section 44-316.22(QR)

Specific Purpose:

This section is adopted to instruct the county to use the QR 7 to determine continue eligibility.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Sections 11265.1 and .2, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 44-316.23(QR) (Includes new Section 44-316.231)

Specific Purpose:



This section is adopted to instruct the counties to compare information reported on the QR 7 with any mid-quarter recipient reports received during the QR Payment Quarter.

Factual Basis:

This adoption is necessary to help ensure correct grant and eligibility determinations by requiring the counties to check that any changes that are voluntarily reported mid-quarter by recipients, which the counties is not allowed to act on until the end of the quarter, still apply.

Final Modification:

At the Department's discretion, new Section 44-316.231 is adopted to provide instructions to the counties that were inadvertently omitted from the original QR emergency regulations. These provisions instruct counties that when comparing the information reported on the QR 7 to any mid-quarter recipient reports received during the QR Payment Quarter and discrepancies are discovered, the county shall attempt to contact the recipient to resolve the discrepancy. If the discrepancy cannot be resolved, the QR 7 shall be considered incomplete. This adoption is necessary to help ensure correct cash aid and eligibility determinations and is also necessary to provide direction to the county on how to proceed when a discrepancy is discovered and the status of the QR 7 when the discrepancy cannot be resolved.

Section 44-316.3(QR)

Specific Purpose:

This section is adopted to provide introductory language that the county shall act on specified changes that occur mid-quarter.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002) and Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Final Modification:

At the Department's discretion, this section is amended to clarify that mid-quarter changes that affect cash aid and eligibility are acted on separately and in the sequence that the changes occurred.

## Section 44-316.31(QR)

### Specific Purpose:

This section is adopted to provide that recipients may voluntarily report any changes in income or other circumstances at any time during the QR Payment Quarter and that the county shall also accept a report of decreased income on the QR 7 as a voluntary mid-quarter report. This section further specifies that the county shall take action on voluntary mid-quarter reports if it results in an increase in aid or there is a voluntary request for discontinuance of aid. Verification must be provided within ten days of a voluntary report prior to the county taking action.

### Factual Basis:

This adoption is necessary to comply with the Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003) and Section 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

### Final Modification:

In response to public testimony, this section is being amended to add the phrase "when the QR 7 is received in the Submit Month of the QR Payment Quarter" in order to clarify when the county will accept a QR 7 as a voluntary report. A reference to an exception to this rule at Section 44-318.152(a)(QR) which provides instructions relevant to a newborn MFG child has also been added for clarity.

At the Department's discretion, this section is further amended to clarify that a voluntary report of decreased income received in the Submit Month shall be treated as updated QR 7 information to determine cash aid for the next QR Payment Quarter.

Also at the Department's discretion, this section is being restructured. The last sentence in existing Section 44-316.31(QR) is renumbered to Section 44-316.312(QR).

## Section 44-316.311 et seq. (Post-Hearing Modification)

### Specific Purpose:

This section is adopted to clarify the time frames and county actions when verification is received for a recipient mid-quarter voluntary report. Existing Sections 44-316.311(QR) et seq. through .314(QR) et seq. are being renumbered to accommodate this new added section.

### Factual Basis:

This adoption is necessary to provide specific time frames and county actions when verification is received for a recipient mid-quarter voluntary report. This adoption is also

necessary to comply with the Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Final Modification:

In response to the first 15-day renote testimony, new Section 44-316.311(a)(QR) is amended for clarity by adding a cross reference that refers to an exception to the rule that a change is effective the first of the month following a voluntary report when the recipient has provided verification within 10 days of the report. A typographical error was also corrected by adding an “s” after the word “day.”

Sections 44-316.311(QR) and .311(a)(QR) (Post-Hearing Modification - Renumbered to Sections 44-316.312(a)(QR) and .312(a)(1)(QR).)

Specific Purpose:

These sections are adopted to specify that the county must determine if an AU’s cash grant will increase based on a voluntary report of a decrease in income from the amount that was reasonably anticipated.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003) and Section 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Final Modification:

At the Department's discretion, the last sentence in existing Section 44-316.31(QR) is renumbered to Section 44-316.312(QR). Existing Section 44-316.311(QR) et seq. is renumbered as subsections of renumbered Section 44-316.312(QR).

Section 44-316.311(a)(1)(QR) (Post-Hearing Modification - Renumbered to Section 44-316.312(a)(1)(A)(QR).)

Specific Purpose:

This section is adopted to specify that when an AU receives income from more than one source, and reports that its income has decreased, only the income that experienced the decrease will be recalculated for the current and remaining months of the quarter using the existing averaged income that didn’t change and the recalculated averaged income (the income that decreased).

Factual Basis:

This adoption is necessary for the equitable treatment of recipient income and proper program administration as it ensures that only the decreased income from a particular source is recalculated. This section is also necessary to comply with the Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003), and Section 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002)

Final Modification:

Existing Section 44-316.311(a)(1)(QR) is renumbered to Section 44-316.312(a)(1)(A)(QR) to allow for the addition of new Section 44-316.311(QR) et seq. and renumbered Section 44-316.312(QR).

Section 44-316.311(a)(2)(QR) (Post-Hearing Modification - Renumbered to Section 44-316.312(a)(1)(B)(QR).)

Specific Purpose:

This section is adopted to specify that when an AU consists of more than one person with income and one person experiences a decrease in income, only the changed income shall be recalculated. The new grant amount shall be based on that person's recalculated income along with the existing AUs averaged monthly income that did not change.

Factual Basis:

This adoption is necessary for the equitable treatment of recipient income and proper program administration as it ensures that only the decreased income of the individual who experienced the decrease is recalculated. This section is also necessary to comply with the Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003) and Section 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Final Modification:

Existing Section 44-316.311(a)(2)(QR) is renumbered to Section 44-316.312(a)(1)(B)(QR) to allow for the addition of new Section 44-316.311(QR) et seq. and renumbered Section 44-316.312(QR).

Section 44-316.311(b)(QR) (Post-Hearing Modification - Renumbered to Section 44-316.312(a)(2)(QR).)

Specific Purpose:

This section is adopted to instruct the county to determine a new monthly grant amount based on a recipient report of decreased income when such a decrease results in an increase in cash aid.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003) and Section 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Final Modification:

Existing Section 44-316.311(b)(QR) is renumbered to Section 44-316.312(a)(2)(QR) to allow for the addition of new Section 44-316.311(QR) et seq. and renumbered Section 44-316.312(QR).

Section 44-316.311(c)(QR) (Post-Hearing Modification - Renumbered to Section 44-316.312(a)(3)(QR).)

Specific Purpose:

This section is adopted to specify that the county shall use the actual income received for the month in which the decreased income occurred or the month it was reported, whichever is later, and the reasonably anticipated monthly income for the remaining months of the QR Payment Quarter in recalculating the cash aid for the current month and remaining month(s) of the QR Payment Quarter.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003) and Section 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Final Modification:

Existing Section 44-316.311(c)(QR) is renumbered to Section 44-316.312(a)(3)(QR) to allow for the addition of new Section 44-316.311(QR) et seq. and renumbered Section 44-316.312(QR). In addition, as a result of testimony received, the term “actual” has been amended to the phrase “new reasonably anticipated” for clarity.

In response to 15-day renote testimony, new Section 44-316.312(a)(3)(QR) is amended to provide clarity and correct grammatical usage by deleting the the term “received” from the regulation.

Section 44-316.311(d)(QR) (Post-Hearing Modification - Renumbered to Section 44-316.312(a)(4)(QR).)

Specific Purpose:

This section is adopted to specify that the county shall issue a supplement within ten days of receipt of verification for the month the decrease in income was reported or occurred, whichever is later.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003) and Section 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Final Modification:

Existing Section 44-316.311(d)(QR) is renumbered to Section 44-316.312(a)(4)(QR) to allow for the addition of new Section 44-316.311(QR) et seq. and renumbered Section 44-316.312(QR). In addition, this section is amended to provide the correct cross reference.

Section 44-316.311(e)(QR) (Post-Hearing Modification - Renumbered to Section 44-316.312(a)(5)(QR).)

Specific Purpose:

This section is adopted to specify that the county shall increase the grant amount for the remainder of the QR Payment Quarter based on the newly calculated grant amount.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003) and Section 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Final Modification:

Existing Section 44-316.311(e)(QR) is renumbered to Section 44-316.312(a)(5)(QR) to allow for the addition of new Section 44-316.311(QR) et seq. and renumbered Section 44-316.312(QR). In addition, at the Department’s discretion, a cross reference is corrected due to renumbering.

Handbook Section 44-316.311(e)(QR) (Post-Hearing Modification - Renumbered to Handbook Section 44-316.312(a)(5)(QR).)

Specific Purpose:

This handbook section is adopted to provide an example of how the grant amount is recalculated based on a recipient mid-quarter report of a reduction in income.

Factual Basis:

This adoption is necessary for clarity as it illustrates how a grant is recalculated following a reported decrease in income.

Final Modification:

Existing Handbook Section 44-316.311(e)(QR) is renumbered to Handbook Section 44-316.312(a)(5)(QR) to allow for the addition of new Section 44-316.311(QR) et seq. and renumbered Section 44-316.312(QR).

Section 44-316.311(f)(QR) (Post-Hearing Modification - Renumbered to Section 44-316.312(a)(6)(QR).)

Specific Purpose:

This section is adopted to specify that the county shall impose a sanction when a reported decrease in earnings resulted from a loss or reduction in hours of employment and the county determines that the recipient did not have good cause. This section further specifies that the county shall not wait to increase cash aid while determining if good cause exists prior to imposing a sanction.

Factual Basis:

This adoption is necessary to maintain consistency with current regulations relative to welfare to work requirements and sanctions. This adoption is also necessary to insure that the county shall not wait to increase cash aid due to the loss of income while determining if good cause exists.

Final Modification:

Existing Section 44-316.311(f)(QR) is renumbered to Section 44-316.312(a)(6)(QR) to allow for the addition of new Section 44-316.311(QR) et seq. and renumbered Section 44-316.312(QR).

Section 44-316.312(QR) (Post-Hearing Modification - Renumbered to Section 44-316.312(b)(QR).)

Specific Purpose:

This section is adopted to establish a category for rules relevant to adding persons to an existing AU.

Factual Basis:

This adoption is necessary to provide a section for rules relevant to adding persons to an existing AU and to comply with Welfare and Institutions Code Section 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002) and Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Final Modification:

Existing Section 44-316.312(QR) is renumbered to Section 44-316.312(b)(QR) to allow for the addition of new Section 44-316.311(QR) et seq. and renumbered Section 44-316.312(QR).

Section 44-316.312(a)(QR) et seq. (Post-Hearing Modification - Renumbered to Section 44-316.312(b)(1)(QR) et seq.)

Specific Purpose:

This section is adopted to require that when an AU voluntarily reports a new person in the home, the county shall determine (1) if the new person is CalWORKs eligible; (2) if the new person were added to the AU, would the AU remain eligible; and (3) if adding the new person, would it increase or decrease the grant.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003) and Section 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Final Modification:

Existing Section 44-316.312(a)(QR) et seq. is renumbered to Section 44-316.312(b)(1)(QR) et seq. to allow for the addition of new Section 44-316.311(QR) et seq. and renumbered Section 44-316.312(QR).



Section 44-316.312(b)(QR) (Post-Hearing Modification - Renumbered to Section 44-316.312(b)(2)(QR).)

Specific Purpose:

This section is adopted to require that in determining if the new person is CalWORKs eligible, the county shall use the reasonably anticipated averaged income for the new person and the existing AU's income for the month in which the new person was voluntarily reported in the home and the remaining months of the QR Payment Quarter. This section further specifies that in making this determination, the county shall not recalculate the existing AU's reasonably anticipated monthly income that was previously computed.

Factual Basis:

This adoption is necessary to describe how the counties shall treat a new person's and the existing AU's income when determining if the new person, voluntarily reported in the home, is CalWORKs eligible. This adoption is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002) and Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Final Modification:

Existing Section 44-316.312(b)(QR) is renumbered to Section 44-316.312(b)(2)(QR) to allow for the addition of new Section 44-316.311(QR) et seq. and renumbered Section 44-316.312(QR).

Section 44-316.312(c)(QR) et seq. (Post-Hearing Modification - Renumbered to Section 44-316.312(b)(3)(QR) et seq.)

Specific Purpose:

This section is adopted to require that when aid will increase due to a voluntary report of a new person, the county shall add the new person effective the first of the month following the report of change; and shall (1) include the new person's reasonably anticipated monthly income along with the existing AU's reasonably anticipated monthly income to recalculate cash aid for the month the new person is added and the remaining months of the QR Payment Quarter; (2) the existing AU's reasonably anticipated monthly income that was previously computed shall not be recalculated when adding a new person to the grant; (3) the new grant amount shall be based on the AU's existing averaged monthly income with the new person's calculated averaged monthly income for the months the new person would be included in the AU; (4) increase the grant amount for the month the new person is added and remaining months of the QR Payment Quarter based on the recalculation of the AU's cash aid.

Factual Basis:

This adoption is necessary to describe the process to add a new person mid-quarter to an existing AU, including how to treat the new person's and exiting AU's income. This adoption is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002) and Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Final Modification:

Existing Section 44-316.312(c)(QR) et seq. is renumbered to Section 44-316.312(b)(3)(QR) et seq. to allow for the addition of new Section 44-316.311(QR) et seq. and renumbered Section 44-316.312(QR).

Section 44-316.312(d)(QR) (Post-Hearing Modification - Renumbered to Section 44-316.312(b)(4)(QR).)

Specific Purpose:

This section is adopted to require that when adding a new person results in an increase in aid, but the new person does not meet all eligibility conditions, before aid is authorized, the county shall not add the person nor discontinue the existing AU mid-quarter.

Factual Basis:

This adoption is necessary to ensure that a new person, who would cause the AU's grant to increase, if added, but who does not meet all eligibility conditions, is not added to an existing AU mid-quarter nor is the AU discontinued mid-quarter. This adoption is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002) and section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Final Modification:

Existing Section 44-316.312(d)(QR) is renumbered to Section 44-316.312(b)(4)(QR) to allow for the addition of new Section 44-316.311(QR) et seq. and renumbered Section 44-316.312(QR).

In response to public testimony, this section is further amended for clarity to better convey the meaning and intent of the regulation by deleting the comma after the word "conditions."

Section 44-316.312(e)(QR) and Handbook Section 44-316.312(e)(QR) (Post-Hearing Modification - Renumbered to Section 44-316.312(b)(5)(QR) and Handbook Section 44-316.312(b)(5)(QR).)

Specific Purpose:

This section is adopted to require that if the addition of a new person would result in a decrease in the existing AU's cash aid, the county shall not add the new person until the first day of the next QR Payment Quarter that follows the mandatory reporting of the new person on the QR 7, after all eligibility conditions have been met and verification provided. The handbook section is adopted to illustrate this rule.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002) and Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003). The handbook adoption is necessary for clarity.

Final Modification:

Existing Section 44-316.312(e)(QR) and Handbook Section 44-316.312(e)(QR) is renumbered to Section 44-316.312(b)(5)(QR) and Handbook Section 44-316.312(b)(5)(QR) to allow for the addition of new Section 44-316.311(QR) et seq. and renumbered Section 44-316.312(QR).

Renumbered Section 44-316.312(b)(5)(QR) is being further amended by changing the language which makes reference to Section 82-832.3(QR) for additional clarity and a typographical error corrected.

Also, in response to public testimony, renumbered Handbook Section 44-316.312(b)(5)(QR) Example is amended for clarity by adding the phrase "and is voluntarily reported in January by the AU."

Section 44-316.312(f)(QR) (Post-Hearing Modification - Renumbered to Section 44-316.312(b)(6)(QR).)

Specific Purpose:

This section is adopted to require that if adding a new person would render the existing AU ineligible, the county shall not take action mid-quarter to discontinue the existing AU, but shall discontinue the existing AU with timely and adequate notice at the end of the QR Payment Quarter in which the new person is reported on the QR 7.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002) and Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Final Modification:

Existing Section 44-316.312(f)(QR) is renumbered to Section 44-316.312(b)(6)(QR) to allow for the addition of new Section 44-316.311(QR) et seq. and renumbered Section 44-316.312(QR).

Section 44-316.313(QR) (Post-Hearing Modification - Renumbered to Section 44-316.312(c)(QR).)

Specific Purpose:

This section is adopted to provide a section for rules relevant to mid-quarter requests for discontinuance of aid to existing AU members and to specify that anytime during the quarter a voluntary request can be made to discontinue the entire AU or any individual AU member who is no longer in the home or is an optional person.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Final Modification:

Existing Section 44-316.313(QR) is renumbered to Section 44-316.312(c)(QR) to allow for the addition of new Section 44-316.311(QR) et seq. and renumbered Section 44-316.312(QR).

Section 44-316.313(a)(QR) (Post-Hearing Modification - Renumbered to Section 44-316.312(c)(1)(QR).)

Specific Purpose:

This section is adopted to specify that when a voluntary request for discontinuance is made verbally, the county shall discontinue cash aid at the end of the month in which timely and adequate notice can be provided.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Final Modification:

Existing Section 44-316.313(a)(QR) is renumbered to Section 44-316.312(c)(1)(QR) to allow for the addition of new Section 44-316.311(QR) et seq. and renumbered Section 44-316.312(QR).

Section 44-316.313(b)(QR) (Post-Hearing Modification - Renumbered to Section 44-316.312(c)(2)(QR).)

Specific Purpose:

This section is adopted to specify that when a voluntary request for discontinuance is made in writing, the county shall discontinue cash aid at the end of the month with adequate notice.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Final Modification:

Existing Section 44-316.313(b)(QR) is renumbered to Section 44-316.312(c)(2)(QR) to allow for the addition of new Section 44-316.311(QR) et seq. and renumbered Section 44-316.312(QR).

Section 44-316.313(c)(QR) et seq. (Post-Hearing Modification - Renumbered to Section 44-316.312(c)(3)(QR) et seq.)

Specific Purpose:

This section is adopted to specify that when an individual requests discontinuance from an existing AU, the county shall discontinue the individual even if it results in a decrease in aid for the remaining AU members. This section further clarifies that the county shall not presume the voluntary report of a person leaving the home is a request for discontinuance and that the county shall inform the AU of the effect the discontinuance will have on the grant. Additionally, this section provides that an individual's request for discontinuance takes precedence over the AU's decision to not report mid-quarter that the person left the home.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003) and Section 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Final Modification:

Existing Section 44-316.313(c)(QR) et seq. is renumbered to Section 44-316.312(c)(3)(QR) et seq. to allow for the addition of new Section 44-316.311(QR) et seq. and renumbered Section 44-316.312(QR).

Section 44-316.313(d)(QR)

Specific Purpose:

This section is adopted to establish that when an AU notifies the county mid-quarter that an AU member has died, it shall be treated as a voluntary report for mid-quarter discontinuance of cash aid for the deceased individual.

Factual Basis:

This adoption is necessary for proper program administration and integrity as it establishes a reasonable policy to not continue aiding a deceased individual when this information is voluntarily reported mid-quarter.

Final Modification:

At the Department's discretion, this section is being repealed because it is no longer necessary with the adoption of Section 44-316.331(p)(QR).

Section 44-316.314(QR) (Post-Hearing Modification - Renumbered to Section 44-316.312(d)(QR).)

Specific Purpose/Factual Basis:

This adoption is adopted to provide a section for rules relevant to mid-quarter requests for special needs.

Final Modification:

Existing Section 44-316.314(QR) is renumbered to Section 44-316.312(d)(QR) to allow for the addition of new Section 44-316.311(QR) et seq. and renumbered Section 44-316.312(QR).

Section 44-316.314(a)(QR) (Post-Hearing Modification - Renumbered to Section 44-316.312(d)(1)(QR).)

Specific Purpose:

This section is adopted to establish that mid-quarter requests for recurring special needs, that have been verified and approved, shall begin the first of the month in which the county receives verification that substantiates that the need exists and shall remain in effect until the end of the quarter in which the special need is expected to end.

Factual Basis:

This adoption is necessary to ensure that recipients receive special needs beginning the first of the month in which the county receives verification that substantiates the need exists and to ensure that the special needs are not discontinued mid-quarter consistent with established QR policy which generally prohibits the reduction of the grant mid-quarter. This adoption is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Ch. 1022, Stats. of 2002).

Final Modification:

Existing Section 44-316.314(a)(QR) is renumbered to Section 44-316.312(d)(1)(QR) to allow for the addition of new Section 44-316.311(QR) et seq. and renumbered Section 44-316.312(QR).

At the Department's discretion, in order to convey the original intent of this regulation, renumbered Section 44-316.312(d)(1)(QR) is further amended by adding the phrases "either the need was reported or" and "whichever is later" and deleting the phrase "county receives" and the word "which." This amendment restores the original beginning date of aid rule for recurring special needs that existed under the previous monthly reporting structure. The initial implementation of the emergency QR regulations resulted in an inadvertent change in the effective date of these special needs payments that was not intended under QR.

Section 44-316.314(b)(QR) (Post-Hearing Modification - Renumbered to Section 44-316.312(d)(2)(QR).)

Specific Purpose:

This section is adopted to establish that the county shall issue the pregnancy special need payments according to existing regulations and that pregnancy special need payments will continue until the end of the quarter in which the child is expected to be born.

Factual Basis:

This adoption is necessary to ensure that current requirements relative to the issuance of pregnancy special need payments continue under QR. This adoption is also consistent with QR requirements specified in Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002) and Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Final Modification:

Existing Section 44-316.314(b)(QR) is renumbered to Section 44-316.312(d)(2)(QR) to allow for the addition of new Section 44-316.311(QR) et seq. and renumbered Section 44-316.312(QR).

Section 44-316.314(b)(1)(QR) (Post-Hearing Modification - Renumbered to Section 44-316.312(d)(2)(A)(QR).)

Specific Purpose:

This section is adopted to establish a requirement that pregnancy special need payments continue to the end of the next QR Payment Quarter or until the newborn is added into the AU when the new estimated date of confinement is verified to extend into the next QR Payment Quarter.

Factual Basis:

This adoption is necessary to ensure that the pregnancy special need payments are not discontinued at the end of the current QR Payment Quarter if the new estimated date of confinement has been verified to extend into the next QR Payment Quarter. This adoption is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Final Modification:

Existing Section 44-316.314(b)(1)(QR) is renumbered to Section 44-316.312(d)(2)(A)(QR) to allow for the addition of new Section 44-316.311(QR) et seq. and renumbered Section 44-316.312(QR).

In response to public testimony, renumbered Section 44-316.312(d)(2)(A)(QR) is further amended for clarity by adding a cross-reference that refers to Section 44-318.15 regarding when counties should add newborns to the existing AU.

Section 44-316.32(QR)

Specific Purpose:

This section is adopted to require that, during the quarter, CalWORKs recipients mandatorily report certain specified changes within ten days of when the change becomes known to the AU.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003). The regulation language provides that the information must be reported within ten days of when the change becomes known to the AU rather than ten days of the change. Although in most cases an AU will be aware of a change when it occurs, in some instances an AU will not be aware of a change at the time it happens and, therefore would be unable to report the change until they become aware of it.



Section 44-316.321(QR) et seq.

Specific Purpose:

This section is adopted to specify that recipients shall report changes in the following: drug felony convictions, fleeing felon status, violation of conditions of probation or parole, address changes, and income exceeding the Income Reporting Threshold (IRT).

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Section 44-316.322(QR)

Specific Purpose:

This section is adopted to specify that when changes are reported pursuant to Sections 44-316.321(a), (b), or (c), the county shall discontinue cash aid at the end of the month in which timely and adequate notice can be provided following a recipient mid-quarter report of the change.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003) and Section 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002)..

Section 44-316.323(QR)

Specific Purpose:

This section is adopted to specify that the county shall act on reported address changes in accordance with regulations and procedures regarding changes of residence.

Factual Basis:

This adoption is necessary to ensure that essential recipient information is provided to avoid any disruption in the payment of aid or receipt of notices due to a change of address and for proper administration of the program.

Section 44-316.324(QR)

Specific Purpose/Factual Basis:

This section title is adopted to provide a section for rules relative to the Income Reporting Threshold (IRT).

Section 44-316.324(a)(QR)

Specific Purpose:

This section is adopted to define new terminology used under the QR/PB System which defines ITR as the level of income that triggers the need for a CalWORKs AU to report a mid-quarter change in income. It also specifies that the IRT is the greater of 130 percent of the Federal Poverty Level or the level at which an AU becomes financially ineligible.

Factual Basis:

This adoption is necessary to establish the threshold that would likely render the recipient ineligible as authorized by Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Section 44-316.324(b)(QR)

Specific Purpose:

This section is adopted to establish the requirement that if any member of an AU or person included in the family MAP when the AU's current grant was determined has earned income, the AU must report when the family's combined gross monthly income, earned and unearned, exceeds the AU's IRT during the QR Payment Quarter.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Section 44-316.324(b)(1)(QR)

Specific Purpose:

This section is adopted to establish the requirement that AUs with earned income only or a combination of earned and unearned income must report when the family's combined gross monthly income exceeds the AU's IRT.

Factual Basis:

This adoption is necessary to clarify which AUs shall report when their income exceeds the IRT and to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Section 44-316.324(b)(2)(QR)

Specific Purpose:

This section is adopted to establish that AUs with no income or only unearned income, shall only report income exceeding the IRT if they begin to receive earned income that once combined with the unearned income exceeds the AU's IRT.

Factual Basis:

This adoption is necessary to clarify which AUs shall report when their income exceeds the IRT and to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Section 44-316.324(c)(QR)

Specific Purpose:

This section is adopted to establish the requirement that the county must redetermine the AU's financial eligibility for the QR Payment Quarter when an AU reports income in excess of the IRT.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Section 44-316.324(c)(1)(QR) et seq.

Specific Purpose:

This section is adopted to establish procedures the county must follow when an AU reports income exceeding the IRT. If the county determines the income will continue, the county shall discontinue the AU at the end of the month the AU's income exceeded their MAP, with timely notice. If the AU reports their income will no longer exceed the IRT prior to the effective date of discontinuance, the county shall rescind the discontinuance. If the AU requests restoration of cash aid after the date of discontinuance, financial eligibility shall be determined in accordance with current regulations.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002) and 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003). This adoption is also necessary to maintain consistency with current requirements relative to restorations and rescinding discontinuances, and to establish guidelines for the county to follow when determining continuing eligibility when an AU reports income exceeding its IRT.

Final Modification:

In response to public testimony and at the Department's discretion, Section 44-316.324(c)(1)(QR) is amended for clarity and to better convey the regulation's original intent. The revised language clarifies that when the AU reports income in excess of the IRT in the first or second month of the QR Payment Quarter, the county shall determine if that income is reasonably anticipated to continue and whether the net non-exempt averaged monthly amount exceeds the AU's MAP for the remainder of the current QR Payment Quarter. If the averaged income is reasonably anticipated to continue to exceed the AU's MAP for the remainder of the current QR Payment Quarter, county shall determine the AU financially ineligible. When the AU is determined financially ineligible, the county shall discontinue the AU at the end of the month in which the AU first received the income that exceeded the AU's MAP, with timely and adequate notice.

Section 44-316.324(c)(2)(QR) (Post-Hearing Modification)

Specific Purpose:

In response to public testimony and at the Department's discretion, this section is adopted to require that when the AU reports income exceeding the IRT in the third month of the current QR Payment Quarter, the county shall determine if that income is reasonably anticipated to continue, and if so, the county shall use that information together with the QR 7 information to prospectively determine eligibility and cash aid for the next QR Payment Quarter.

Factual Basis:

This adoption is necessary for clarity to better convey the original intent of the regulations and to comply with Welfare and Institutions Code Section 11265.3(c)(2) as amended by AB 1402 (Chapter 398, Statutes of 2003).

Section 44-316.324(d)

Specific Purpose:

This section is adopted to require that the county shall not take action to discontinue cash aid if income reported in excess of the IRT is anticipated to only exceed the IRT for one

month. This section also specifies that if the recipient's report indicates there will also be a decrease in the income previously anticipated for the QR Payment Quarter, the county shall treat this additional information as a mid-quarter report.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002) and 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003). This adoption will ensure that recipients continue to receive cash aid when their income spikes for just one month and is not reasonably anticipated to continue for the remainder of the quarter. This adoption will also ensure that additional information reported by the recipient which indicates a decrease in income will be treated as a mid-quarter report.

Handbook Section 44-316.324(d)(QR)

Specific Purpose/Factual Basis:

This handbook section is adopted for clarity by providing an example of the application of Section 44-316.324(d) in a case situation. An additional handbook section is adopted to provide IRT charts for Region One and Region Two and is necessary to assist the county in determining IRT levels according to family size and region. This chart will be updated on an annual basis.

Final Modification:

In response to testimony, a new line has been added to the IRT Chart to reflect the IRT amount for a “reporting size” of zero. At the Department’s discretion, language has also been added to clarify that when selecting the “reporting size” that this is the number of persons whose needs are considered when determining financial eligibility. In addition, income reporting threshold figures and their effective dates are updated on the IRT Chart.

Section 44-316.33(QR)

Specific Purpose:

This section is adopted to require the county to take mid-quarter action on certain specified changes in eligibility and grant status at the end of the month in which the change occurred.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 44-316.331(QR) et seq.

Specific Purpose:

This section is adopted to provide a list of the county-initiated mid-quarter actions that the county shall take on changes in eligibility and grant status.

Factual Basis:

The adoption of Sections 44-316.331(a), (b), (f), (g), (i), and (m) is necessary to comply with Welfare and Institutions Code Section 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002). The adoption of Section 44-316.331(n) is necessary to comply with existing Welfare and Institutions Code Section 11265 and Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002). The remaining Sections 44-316.331(c), (d), (e), (h), (j), (k), and (l) are established as county-initiated mid-quarter changes at the Department's discretion for purposes of good public policy to ensure program integrity, equitable treatment of recipients, and proper administration of the program under the authority of Welfare and Institutions Code Section 11265.2(d), as amended by AB 444 (Chapter 1022, Statutes of 2002).

Final Modification:

In response to public testimony and for additional clarity, Section 44-316.331(f) is amended to add a cross-reference to Section 42-101 which contains relevant age requirements, including those for teens turning 18 years old.

In response to public testimony, for clarity, and to better convey the intent of this regulation, Section 44-316.331(i) is amended to replace the term "child" with the words "an individual" and to change the word "approved" to "authorized."

At the Department's discretion and for purposes of good public policy to ensure program integrity, equitable treatment of recipients, and proper administration of the program under the authority of Welfare and Institutions Code Section 11265.2(d), as amended by AB 444 (Chapter 1022, Statutes of 2002), this section is amended to add additional county initiated mid-quarter actions. These additional actions include: (1) adjustments to correct erroneous payments caused by incorrect or incomplete recipient reporting or incorrect county action on reported information; (2) action when it becomes known to the county that an AU member is deceased; (3) action when an AU is transferred to a Tribal TANF Program; (4) action on MBSAC (including income in-kind), MAP, and Social Security COLAs; and (5) action when it becomes known to the county that an individual is confined to a correctional facility on the first of a month and is expected to remain for a full calendar month or more.

#### Section 44-318.11 et seq.

##### Specific Purpose:

This section is amended to provide that Section 44-318.11(MR) will become inoperative under QR. This section is further amended to add QR provisions that establish the beginning date of aid for a mandatorily included person as the first day of the QR Payment Quarter following the reporting of the individual on the QR 7 when adding the person would result in a decrease in cash aid or the first of the month following the change being reported, if adding the person would result in an increase in cash aid.

##### Factual Basis:

This adoption is necessary to comply with the Welfare and Institutions Code Sections 11265.1 and 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002) and 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

#### Section 44-318.12 et seq.

##### Specific Purpose:

This section is amended to provide that Section 44-318.12(MR) will become inoperative under QR. This section is further amended to add QR provisions that establishes the beginning date of aid for optional persons as the first of the month after aid is requested for the optional person; if adding the person results in an increase in AU cash aid or the first day of the next QR Payment Quarter after the request for aid is reported on the QR 7, if adding the person results in a decrease in AU cash aid.

##### Factual Basis:

This amendment is necessary to comply with the Welfare and Institutions Code Sections 11265.1 and 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002) and 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

#### Section 44-318.13

##### Specific Purpose:

This section is amended to add a QR provision that duplicates in part existing Section 44-318.13. The QR provision establishes the beginning date-of-aid for sanctioned/noncooperating persons as the first of the month following the date the person meets the requirement which caused that person to be excluded from the assistance unit, after all conditions of eligibility have been met and the minimum sanction period has passed.

Factual Basis:

This amendment is necessary for consistency in when persons are added to the AU during the quarter and to comply with the Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Section 44-318.14

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 44-318.14. This QR provision also establishes the first day of the month of the QR Payment Quarter following the quarter in which the individual was required to be reported on the QR 7 as the beginning date of aid for the unreported mandatorily included person, provided that the individual meets all requirements for eligibility when he/she was required to be included in the assistance unit but was not reported on the QR 7. Eligibility conditions are considered to have been met from the first day of the QR Payment Quarter following the quarter in which the individual was discovered in the home, providing he/she is cooperating in meeting those conditions.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with the Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Final Modification:

In response to public testimony, this section is amended for clarity and to eliminate any potentially contradicting language. As part of the revision, an additional subsection, .141(QR), is added to the regulation.

Section 44-318.15

Specific Purpose:

This section is amended to provide that Section 44-318.15(MR) will become inoperative under QR. This section is also amended to establish a section for beginning date of aid for newborn including MFG newborns being added to an existing AU.

Factual Basis:

This amendment is necessary to establish a section for the beginning date of aid for newborns including MFG newborns being added to an existing AU.



Sections 44-318.151 and .151(a)(QR)

Specific Purpose:

These sections are adopted to add a QR provision that establishes the beginning date of aid for a newborn child as the first of the month after the birth is reported and all conditions of eligibility have been met, if adding the newborn results in an increase in the AU's cash aid.

Factual Basis:

These adoptions are necessary to comply with the Welfare and Institutions Code Sections 11265.1 and 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002) and 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Section 44-318.151(b)(QR)

Specific Purpose:

This section is adopted to add a QR provision that establishes the beginning date of aid for a newborn child. When adding the newborn results in a decrease in the AU's cash aid, the beginning date of aid is the first day of the next QR Payment Quarter after the change is reported on the QR 7 and all conditions of eligibility have been met.

Factual Basis:

These adoptions are necessary to comply with the Welfare and Institutions Code Sections 11265.1 and 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002) and 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Section 44-318.152(QR) et seq.

Specific Purpose:

This section is adopted to add a QR provision that establishes the beginning date of aid for a maximum family grant (MFG) newborn child being added to an existing AU. When the pregnant woman is not receiving a pregnancy special need payment and adding the newborn will not cause a decrease in AU's grant, the beginning date of aid for the newborn shall be the first of the month following the report of the birth. When the AU is receiving a pregnancy special needs or the grant would decrease if the newborn is added to the AU, the beginning date of aid for the newborn shall be the first day of the next QR Payment Quarter following the report of the birth on the QR 7.

Factual Basis:

These adoptions are necessary to comply with the Welfare and Institutions Code Sections 11265.1 and 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002) and 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Section 44-318.16 et seq.

Specific Purpose:

This section is amended to add QR provisions that establish the beginning date of aid for a father of a newborn is added, pursuant to Section 44-205.632, to an existing AU. When adding the father of the newborn results in increased cash aid to the AU, the beginning date of aid for the father shall be the first of the month after the report of the birth. When adding the father of the newborn results in a decrease in cash aid to the AU, the beginning date of aid for the father shall be the first day of the next QR Payment Quarter.

Factual Basis:

This amendment is necessary to comply with the Welfare and Institutions Code Sections 11265.1 and 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002) and 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Section 44-325.1

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 44-325.1.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with the Welfare and Institutions Code Sections 11265.1 and 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002) and 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Sections 44-325.2 and .3 et seq. (Renumbered from Sections 44-325.3 and .5 et seq.)

Specific Purpose/Factual Basis:

These sections are renumbered to maintain the same numbering system throughout the Manual of Policies and Procedures.

#### Section 44-327.25

##### Specific Purpose:

Section 44-327.25(MR) is amended for clarity to correct cross-references that are being renumbered in this filing. This section is further amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 44-327.25.

##### Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with the Welfare and Institutions Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 44-340.133(QR)

##### Specific Purpose:

This section is adopted to require that if information reported on the QR 7 results in an increase of cash aid, and the county cannot increase the grant by the first day of the month of the next QR Payment Quarter, a supplement must be issued for that month, and cash aid increased for the remaining months of that quarter provided that the recipient reported the information timely.

##### Factual Basis:

This adoption is necessary to ensure that recipients are paid the amount of grant they are entitled to with a supplement if cash aid cannot be increased by the first day of the next QR Payment Quarter. The adoption is also necessary to comply with Welfare and Institutions Code Sections 11265.1, 11265.2, and 11450.5 as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 44-340.14

##### Specific Purpose:

This section is amended to add a QR provision that duplicates in part, with appropriate QR terms, the existing Section 44-340.14. This QR provision requires that a mid-quarter supplemental payment resulting from a voluntary mid-quarter report which was correctly computed based on a recalculation of reasonably anticipated income and/or other changed AU circumstances shall not be considered an underpayment and is not subject to an overpayment offset under the QR/PB system.

Factual Basis:

This amendment is necessary to ensure that a mid-quarter grant adjustment based on a mid-quarter voluntary report is not considered an underpayment subject to an overpayment offset. Such adjustments are considered a revised and updated grant amount rather than an underpayment correction and shall be treated accordingly. This amendment is also necessary to comply with the Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003) and Section 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 44-340.32(QR) et seq.

Specific Purpose:

This section is adopted to specify that an underpayment occurs when the AU receives less cash aid than he/she was entitled to receive and would be based on regulations in effect at the time the underpayment occurred. The county shall not reconcile actual verified income against prospectively budgeted income that was used in the grant calculation as income that was reasonably anticipated at the time cash aid was calculated.

Factual Basis:

This adoption is necessary for consistent treatment of erroneous payments to recipients and to comply with the Welfare and Institutions Code Sections 11004.1(b) and (c) and 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 44-340.33(QR)

Specific Purpose:

This section is adopted to specify that no underpayment shall be established when a change in circumstances occurs or actual income received is less than what was reasonably anticipated during the QR Payment Quarter and the recipient did not voluntarily report the change in circumstances or the decrease of income during the QR Payment Quarter, in accordance with Section 44-316.31(QR).

Factual Basis:

This adoption is necessary to ensure that no underpayment shall be established for a change in circumstances or a drop in income if the recipient failed to voluntarily report these changes in accordance with Section 44-316.31(QR) and to comply with Welfare and Institutions Code Sections 11004.1(c), as amended by AB 444 (Chapter 1022, Statutes of 2002) and 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

#### Section 44-350.17

##### Specific Purpose:

This section is amended to add a QR provision that duplicates in part, with appropriate QR terms, the existing Section 44-350.17. This QR amendment also provides that a supplemental payment which was correctly computed, based on the county's determination of reasonably anticipated income, shall not be subject to an overpayment determination provided that the recipient's report, upon which the county based its determination, was complete and accurate. If there is a computational error, the supplemental payment shall be corrected.

##### Factual Basis:

This amendment is necessary to comply with Welfare and Institutions Code Section 11004.1, as amended by AB 444 (Chapter 1022, Statutes of 2002) and Section 37 of AB 444 (Ch. 1022, Stats. of 2002).

#### Section 44-350.5(QR)

##### Specific Purpose:

This section is adopted to specify that an overpayment shall be assessed when the AU receives more cash aid than the AU was entitled to receive because the county was unable to provide ten-day notice of an adverse action following receipt of a mandatory recipient report, including the QR 7.

##### Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Sections 11004.1(b) and 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 44-350.6(QR) (Post-Hearing - Renumbered to Section 44-350.18.)

##### Specific Purpose:

This section is adopted to specify that an overpayment shall not be assessed based on any differences between the amount of income the county reasonably anticipated the recipient would receive during the QR Payment Quarter and the income the recipient actually received during that period, provided the recipient's reports were complete and accurate.

##### Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11004.1(b), as amended by AB 444 (Chapter 1022, Statutes of 2002).

##### Final Modification:

In response to public testimony this section is amended for clarity by renumbering Section 44-350.6(QR) to Section 44-350.18(QR) and deleting the title.

Section 44-352.1 et seq.

Specific Purpose/Factual Basis:

This section is renumbered to maintain the same numbering system throughout the Manual of Policies and Procedures. Existing sections are further amended for clarity to correct cross-references that are being renumbered in this filing.

Final Modification:

Section 44-352.112 is being amended to correct a typographical error.

Section 44-352.111(QR)

Specific Purpose:

This section is adopted to specify that excess property overpayments shall be assessed based on information that should have been reported on the QR 7. If an assistance unit held excess property in the QR Data Month and failed to report it on the appropriate QR 7 or if the county failed to act correctly on the QR 7, the county shall determine the overpayment based on an accurate report and/or correct county action. This section also adds a cross-reference for situations where a discontinuance due to excess property can be rescinded if the recipient spends down the excess property before the discontinuance becomes effective.

Factual Basis:

This adoption is necessary to establish overpayment provisions, regarding excess property, that are consistent with QR regulations and to comply with the Welfare and Institutions Code Sections 11265.1, 11265.2, and 11450.5 as amended by AB 444 (Chapter 1022, Statutes of 2002). The renumbering is necessary to accommodate the addition of the new Section 44-352.12.

Final Modification:

In response to public testimony, this section is amended to provide additional clarity and to better convey the intent of the regulation. The Department is rearranging, renumbering, and adding language to this section to ensure that an overpayment should not be assessed due to excess property when the property has been spent down prior to the first day of the next QR Payment Quarter.

#### Section 44-352.12(QR)

##### Specific Purpose:

This section is adopted to specify that an overpayment shall be assessed when an AU receives more cash aid than entitled to as a result of not reporting income or circumstances timely, or the county does not act correctly on a recipient report, or the county did not act timely. The county shall redetermine the cash aid the recipient should have received based on the required report and correct county action.

##### Factual Basis:

This adoption is necessary to establish overpayment provisions that are consistent with QR regulations and to comply with the Welfare and Institutions Code Section 11004.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Sections 44-352.121(a)(1)(QR) and (2)(QR)

##### Specific Purpose:

These sections are adopted to specify that if a recipient fails to report income timely or the county fails to act correctly or timely on a recipient report, the county shall redetermine that cash aid the recipient would have received based on an accurate report and correct county action. If the recalculation results in an overpayment, the date that the overpayment begins is the first date that the change would have been made if timely and correct action been taken based on the complete, timely and accurate recipient report. When recomputing cash aid results in an overpayment, the county shall recreate case circumstances using the correct county processing time frames based on what the recipient should have reported.

##### Factual Basis:

This adoption is necessary to establish overpayment provisions that are consistent with QR regulations and to comply with the Welfare and Institutions Code Sections 11004.1 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Handbook Section 44-352.121(a)(2)(QR)

##### Specific Purpose:

This handbook section is adopted to provide an example of how an overpayment is established when a recipient fails to report income information.

Factual Basis:

The adoption of this handbook section is necessary for clarity as it provides an example of how an overpayment is established when a recipient fails to report income information as specified under QR/PB rules.

Final Modification:

In response to public testimony, this handbook section is amended by adding for clarity the phrase "The AU should be discontinued with a 10-day notice and an overpayment would be established beginning February 1 through the month of discontinuance."

Section 44-352.41(QR)

Specific Purpose:

This section is adopted to specify that under QR/PB, recoupment by grant adjustment shall only be initiated at the beginning of a QR Payment Quarter. Grant adjustment shall be discontinued mid-quarter, as appropriate, when the debt is recouped in full. A new overpayment collection may continue by grant adjustment during the QR Payment Quarter if the new collection of the overpayment does not decrease aid mid-quarter. Existing Sections 44-352.41 et seq., .42, .43, .44 et seq., and .45 through .47 are renumbered to Sections 44-352.42 et seq., .43, .44, .45 et seq., .46 through .48 to accommodate the addition of a new Section 44-352.41. Renumbered Section 44-352.46 is further amended for clarity to correct cross-references that are being renumbered in this filing.

Factual Basis:

This adoption is necessary to ensure that the application of overpayment grant adjustments is consistent and not in conflict with QR regulations and to comply with the Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Sections 44-400, 44-401, and 44-402

Specific Purpose:

These sections related to Reduced Income Supplement Payments (RISP) are amended to provide that they will become inoperative under QR/PB. Existing sections are further amended for clarity to correct cross-references that are being renumbered in this filing.

Factual Basis:

These amendments are necessary to comply with the provisions of Section 37 of AB 444 (Chapter 1022, Statutes of 2002) which repealed the RISP provision.

Section 47-220.31(MR)



Specific Purpose:

This section is being amended to provide that it will become inoperative under QR.

Factual Basis:

This amendment is necessary because this section will become obsolete under QR. Cash aid will not be suspended during the QR Payment Quarter as grants are established for the entire quarterly period. This amendment is also necessary to comply with Welfare and Institutions Code Section 11265.2, as amended by AB 444 (Ch. 1022, Stats. of 2002).

Sections 47-320.27 and .28

Specific Purpose:

These sections are amended/adopted to specifically indicate what changes in family size, household composition, and income must be reported by the family to child care when the change occurs.

Factual Basis:

This amendment and adoption are necessary to avoid overpayments/underpayments and/or inappropriate assessment of family fees as well as limit the information required to be reported by the family when specified changes occur. Prior to the implementation of QR/PB, changes in family size, household composition, and income were most often reported to the CalWORKs worker via the Monthly Eligibility Status Report (CW 7 or SAWS 7). Such monthly reporting provided current updated information in these areas. Under QR/PB, there is no longer a monthly reporting requirement, so families will not already be reporting this information to the counties on a monthly basis. Instead, the focus is on the need to report the changes as they occur. For this reason, the scope of the existing reporting requirement is narrowed for clarity and to more specifically reflect what changes the family is actually required to report.

Section 48-001.114

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 48-001.114. This QR provision also adds a requirement that county welfare departments maintain records when a recipient's cash aid is not changed following a recipient mid-quarter report.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and comply with Welfare and Institutions Code 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Section 80-301 et seq.

Specific Purpose/Factual Basis:

This section is renumbered to maintain the same numbering system throughout the Manual of Policies and Procedures. The introductory paragraph is amended to accurately reflect the regulations affected by these definitions.

Section 80-301(a)(9)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 80-301(a)(9) and amended to establish that an AU consists of individuals who have been determined eligible for CalWORKs and for whom aid has been authorized.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003). This amendment is necessary to define that only individuals who have been determined eligible and authorized for cash aid shall be considered part of the AU.

Section 80-301(c)(5)(QR)

Specific Purpose:

This section is adopted to define mid-quarter county initiated actions.

Factual Basis:

The adoption of this section is necessary to define new terminology used under the QR/PB system and to comply with Welfare and Institutions Code Section 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 80-301(m)(2)

##### Specific Purpose:

This section is adopted to define mandatory recipient reports. Existing Section 80-301(m)(2) is renumbered to (m)(3) to accommodate the adoption of a new Section 80-301(m)(2).

##### Factual Basis:

The adoption of this section is necessary to define new terminology used under QR/PB system and to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

#### Section 80-301(m)(4)

##### Specific Purpose:

This section is adopted to define the QR term " mid-quarter recipient reports" as a term used to describe certain types of reports that occur during the QR Payment Quarter outside of the QR report process.

##### Factual Basis:

The adoption of this section is necessary to define new terminology used under the QR/PB system and to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003). Existing Section 80-301(m)(3) is renumbered to (m)(5) to accommodate the adoption of new Sections 80-301(m)(2) and (4).

#### Section 80-301(v)(1)

##### Specific Purpose:

This section is adopted to define voluntary recipient reports.

##### Factual Basis:

The adoption of this section is necessary to define new terminology used under the QR/PB system and to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

#### Section 80-310(c)(7)(MR)

##### Specific Purpose:

This section is amended to provide that it will become inoperative under QR.

Factual Basis:

This amendment is necessary to remove a definition for a form that will be obsolete under QR.

Section 80-310(c)(12)(MR)

Specific Purpose:

This section is amended to provide that it will become inoperative under QR.

Factual Basis:

This amendment is necessary to remove a definition for a form that will be obsolete under QR.

Section 80-310(c)(16)(QR)

Specific Purpose:

This section is adopted to incorporate by reference a form that is used in the QR/PB regulations. This form is not printed in the CDSS' Manual of Policies and Procedures because it would be cumbersome and impractical. However, the form is readily available from CDSS. This section adopts a QR provision that describes the form CW 20 as being used to collect the information necessary to determine eligibility at the time of the annual redetermination.

Factual Basis:

This amendment is necessary for clarity by providing the general description and use of the CW 20.

Section 80-310(q)(QR) et seq.

Specific Purpose:

This section is adopted to incorporate by reference forms that are used in the QR/PB regulations. These forms are not printed in the CDSS' Manual of Policies and Procedures because it would be cumbersome and impractical. However, these forms are readily available from CDSS. This section is adopted to add QR provisions that provide general descriptions and uses of the CalWORKs form that will be used under QR. These descriptions and uses duplicate, in part, the existing provisions describing forms and their uses.

Factual Basis:

This adoption is necessary for clarity by providing the general description and use for CalWORKs forms that will be used under QR. This adoption is also necessary to comply with Welfare and Institutions Code Sections 11265.1 and 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002) and Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Section 80-310(s)(3)(QR)

Specific Purpose:

This section is adopted to incorporate by reference a form that is used in the QR/PB regulations. This form is not printed in the CDSS' Manual of Policies and Procedures because it would be cumbersome and impractical. However, the form is readily available from CDSS. This section is adopted to add a QR provision that provides the general description and use of QR form SAWS 2A-QR. Existing Sections 80-310(s)(3) through (6) are renumbered to Sections 80-310(s)(4) through (7) to accommodate the adoption of this new definition.

Factual Basis:

The adoption is necessary for clarity by providing the general description and use of QR form SAW 2A-QR. The adoption is also necessary to comply with Welfare and Institutions Code Sections 11265.1 and 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002) and Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Section 80-310(t)(5)(QR)

Specific Purpose:

This section is adopted to incorporate by reference a form that is used in the QR/PB regulations. This form is not printed in the CDSS' Manual of Policies and Procedures because it would be cumbersome and impractical. However, the form is readily available from CDSS. This section is adopted to add a QR provision that provides the general description and use of QR form TEMP QR 1, mass informing notice sent to recipients on a monthly basis for a period of three months before and three months after implementation of QR/PB. Existing Section 80-310(t)(5) is renumbered to Section 80-310(t)(6) to accommodate the adoption of this new definition.

Factual Basis:

The adoption is necessary for clarity by providing the general description and use for QR form TEMP QR 1. This adoption is also necessary to comply with Welfare and Institutions Code Sections 11265.1 and 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002) and Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

### Section 82-612.3

#### Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 82-612.3 and amended to specify that an AU shall be discontinued at the end of the QR Payment Quarter if an individual required to apply for or accept unemployment insurance benefits (UIB) fails to do so, or fails to meet a condition of eligibility for UIB.

#### Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with the Welfare and Institutions Code Section 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002). Under QR, an AU cannot be discontinued for failure to meet UIB requirements until the end of the QR Payment Quarter.

### Section 82-812.687(a)

#### Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 82-812.687(a).

#### Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with the Welfare and Institution Code Section 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

### Section 82-820.1

#### Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 82-820.1 and to establish that an AU consists of individuals who have met all eligibility factors and for whom aid has been authorized.

#### Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003). This amendment is necessary to define that only individuals who have been determined eligible and authorized for cash aid shall be considered part of the AU.

### Section 82-820.3

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 82-820.3 and amended to define mandatorily included persons as individuals that are living in the home and eligible at the time of initial family application or at the beginning of the QR Payment Quarter following the mandatory reporting of the individual on the QR 7. A cross-reference to Section 44-318 is also provided.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003). Under QR, mandatorily included persons are required to be included in the AU at initial application or the first day of the QR Payment Quarter following the mandatory reporting of the individual on the QR 7. The cross-reference is necessary for clarity.

Section 82-824.14 et seq. (Post-Hearing Modification)

Specific Purpose:

At the Department's discretion, this section is adopted to clarify what steps are necessary to determine if separate AUs should be combined when a voluntary recipient mid-quarter report is made requesting the combining of the separate AU's.

Factual Basis:

This adoption is necessary to ensure the proper treatment of combining separate AUs when a voluntary recipient mid-quarter report is made and to determine if the mid-quarter action would increase or decrease the aid of the separate AUs. This adoption is also necessary to comply with Welfare and Institutions Code Sections 11265.3, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 82-832.3(QR)

Specific Purpose:

The section is adopted to specify that a new person who has been mandatorily reported on the QR 7 and determined eligible based on the QR 7 information, shall be treated as an excluded person for the next QR Payment Quarter when ineligibility occurs after the QR Data Month but prior to the authorization of aid. This person's income and needs, as reported on the QR 7, shall be treated in accordance with Section 44-133.5 for the next QR Payment Quarter for the remaining AU members. Language is also included to clarify that the AU shall be discontinued at the end of that quarter in which the individual was treated

as an excluded person, if the subsequent QR 7 establishes that ineligibility continues to exist for the AU.

Factual Basis:

This adoption is necessary to ensure that the existing AU remains eligible and that cash aid is determined for the next QR Payment Quarter using only information reported on the QR 7. In this instance, because the circumstances resulting in ineligibility for the applicant occurred after the QR Data Month, it would be inequitable to discontinue or reduce the existing AU's cash aid based on those circumstances. However, because the applicant was determined ineligible after the QR Data Month but before he/she was actually added to the AU, that person must be treated as an excluded person for the next QR Payment Quarter and continued eligibility for the existing AU be evaluated based on the QR 7 received during that quarter in which the excluded person was ineligible. This adoption is also necessary for consistency with other QR provisions related to the use of quarterly eligibility determinations and to comply with Welfare and Institutions Code Sections 11265.1, 11265.2, and 11450.5 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3, as amended by AB 1402 (Chapter 398, Statutes of 2003).

Final Modification:

This section is amended to provide clarity by eliminating unnecessary language by deleting the words "for the remaining AU members."

In response to public testimony and for clarity, this section is further amended to add a handbook example to illustrate that a new person who has been mandatorily reported on the QR 7 and determined eligible based on the QR 7 information, shall be treated as an excluded person for the next QR Payment Quarter when ineligibility occurs after the QR Data Month, but prior to the authorization of aid. Additionally, the example also illustrates that the excluded person's income as reported on the QR 7, and needs, shall be treated in accordance with Section 44-133.5. The example also includes language to clarify that the AU shall be discontinued at the end of the quarter in which the individual was treated as an excluded person, if the county establishes that the AU is ineligible based on the information of the subsequent QR 7.

Section 89-110.262

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 89-110.262.



Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to comply with Welfare and Institutions Code Sections 11265.1, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Final Modification:

This section is amended to correct the term “process” to “processes,” the result of a prior typographical error.

Section 89-110.28

Specific Purpose:

This section is amended to add a QR provision that duplicates in part, the existing Section 89-110.28. This QR provision provides that the county shall use the Exempt or Nonexempt AU MAP corresponding to the AU’s MAP status reasonably anticipated for the QR Payment Quarter and makes cross references to Sections 89-110.291(QR) and .292(QR).

Factual Basis:

This amendment is necessary to provide a general rule that ensures that counties use the Exempt or Nonexempt MAP status corresponding to the AU’s MAP status that is reasonable anticipated for the QR Payment Quarter. A cross-reference is provided for clarity. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Sections 89-110.281(MR), .282(MR), and .283(MR)

Specific Purpose:

These sections are amended to provide that they will become inoperative under QR. Section 89-110.282(MR) is further amended for clarity to correct a cross-reference that is being renumbered in this filing.

Factual Basis:

These amendments are necessary because the provisions become obsolete under QR as QR does not provide for retrospective budgeting. These amendments are also necessary to comply with Welfare and Institutions Code Sections 11265.2 and 11450.5, as amended by AB 444 (Chapter 1022, Statutes of 2002).

#### Section 89-110.29 et seq.

##### Specific Purpose:

This section is amended to provide that the existing section become inoperative under QR and to add QR provisions that provide effective dates for MAP status changes based on QR 7 reports and voluntary recipient mid-quarter reports. Section 89-110.29(MR) is further amended for clarity to correct a cross-reference that is being renumbered in this filing.

##### Factual Basis:

These amendments are necessary to establish effective dates for MAP status changes based on both QR 7 reports and voluntary reports. These amendments are also necessary to comply with Welfare and Institutions Code Sections 11265.1, .2, and 11450.5 as amended by AB 444 (Chapter 1022, Statute of 2002) and Section 11265.3 as amended by AB 1402 (Chapter 398, Statutes of 2003). Additionally, recipients are prohibited from receiving the benefit of a MAP status change prior to the change actually occurring. Therefore, voluntary recipient mid-quarter reports regarding MAP status changes are not effective until the first month following the month the change occurred and the change has been voluntarily reported by the recipient.

#### Handbook Section 89-110.3

##### Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Section 89-110.3 and to provide examples of quarterly determinations of MAP status and mid-quarter changes in MAP status.

##### Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to provide examples of quarterly determinations of MAP status and mid-quarter changes in MAP status under QR.

#### Handbook Sections 89-110.32 and .33

##### Specific Purpose:

These handbook sections have been amended to provide that the existing examples will become inoperative under QR and to provide examples of the use of MAP status in the Quarterly Reporting/Prospective Budgeting system. The examples illustrate which MAP status shall be used when determining eligibility and cash aid for applicants and for recipients. The examples also illustrate which MAP status shall be used when determining eligibility and cash aid for voluntary recipient mid-quarter reports.

Additionally, specific examples will become inoperative under QR. Handbook Section 89-110.33(MR) Examples 18 and 19 are further amended for clarity to correct cross-references that are being renumbered in this filing.

Factual Basis:

These amendments are necessary for clarity as they provide examples as to which MAP status is used in determining eligibility and cash aid in the Quarterly Reporting/Prospective Budgeting system. The amendments are also necessary to eliminate examples that become obsolete under QR.

Final Modification:

In response to public testimony and for additional clarity, Handbook Section 89-110.32(QR) Example 11 is amended by adding the phrase "the SSI ends on February 28" and replacing the term "made" with "approve."

In response to public testimony and for clarity, Handbook Section 89-110.33(QR) Example 14 is amended to replace the phrase "agrees with" with the term "verifies."

In response to public testimony and for clarity, Handbook Section 89-110.33(QR) Example 18 is amended by removing the phrase "to the county," after the word "reports." Also, at the Department's discretion the word "the" is deleted to correct a typographical error in the parathetical phrase.

Section 89-130(l)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms, the existing Section 89-130(l). This QR provision requires counties to apply the period of ineligibility on the first day of the first month of the next QR Payment Quarter following the report of the nonqualifying withdrawal on the QR 7 and continue for the determined number of months.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR and to ensure that the period of ineligibility does not start during the QR Payment Quarter. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 89-130(l)(1)(MR)

Specific Purpose:

This section is amended to provide that it shall become inoperative under QR.

Factual Basis:

This amendment is necessary because this section will become obsolete under QR. Cash aid will not be suspended during the QR Payment Quarter as grants are established for the entire quarterly period. This amendment is also necessary to comply with Welfare and Institutions Code Sections 11265.1 and 11265.2, as amended by AB 444 (Chapter 1022, Statutes of 2002).

Handbook Section 89-130(m) et seq.

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Handbook Section 89-130(m) et seq. This QR provision also provides an example of how to calculate the period of ineligibility when a recipient does a nonqualifying withdrawal which results in the AU being ineligible for two months. The MR handbook example related to suspense months will become inoperative under QR as it will no longer be relevant.

Factual Basis:

This amendment is necessary for clarity as it provides an example of how to compute a period of ineligibility under QR. The removal of the suspense related handbook example is necessary because suspense months are not applicable under QR.

Handbook Section 89-201.513(a)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Handbook Section 89-201.513(a).

Factual Basis:

This amendment is necessary for clarity as it provides an example of how to do a senior parent/minor parent grant under QR when the minor parent has her own AU.

Handbook Section 89-201.513(b)

Specific Purpose:

This section is amended to add a QR provision that substantively duplicates, with appropriate QR terms and references, the existing Handbook Section 89-201.513(b).

Factual Basis:

This section is necessary for clarity as it provides an example of how to do a senior parent/minor parent grant computation under QR when the minor parent is in the senior parent's AU.

c) Local Mandate Statement

These regulations impose a mandate upon county welfare departments but not on school districts. Since the county share of the program is capped at a specified maintenance of effort level, there are no state-mandated local costs in these regulations which require state reimbursement under Section 17500 et seq. of the Government Code. If the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars, reimbursement shall be made from the State Mandates Claims Fund.

d) Statement of Alternatives Considered

CDSS has determined that no reasonable alternative considered would be more effective in carrying out the purpose for which the regulations are proposed or would be as effective and less burdensome to affected private persons than the proposed action.

e) Significant Adverse Economic Impact On Business

CDSS has determined that the proposed action will not have a significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

f) Testimony and Response

These regulations were considered as Item #2 at the public hearing held on August 25, 2004 in Sacramento, California. Written testimony was received from the following during the 45-day comment period from July 9, 2004 to 5:00 p.m. August 25, 2004:

Legal Services of Northern California (LSNC)  
Shasta County Department of Social Services (SH DSS)

The comments received and the Department's responses to those comments follow. At the end of each comment is the name of the commenter in parentheses. General comments follow the specifically identified section comments.

Handbook Section 22-305.422(a)(1)(QR)

1. Comment:

"Second sentence 'Respondent also checks box indicating that no one had started employment in the **Data Month**.'

"Data Month should be replaced with '**in the QR 7 Reporting Period**'?"

"**Part 2 of the QR 7 asks:** What has happened *SINCE* your last Quarterly Report?"

"**Question number 7 asks:** "Have any of the following happened to someone in your household?"

"**The 7th bullet asks:** "Started or stopped working, refused a job or training, number of hours worked or in training went up or down, or went out on strike?"

"**Reasoning:** Since the QR 7 is asking question #7, bullet #7, the wording should reflect '**in the QR 7 Reporting Period**' instead of Data Month." (SH DSS)

Response:

The Department agrees with the commenter and is amending the regulation to read "in the QR 7 Reporting Period."

Handbook Section 22-305.422(a)(2)(QR) [Identified in comments as Section 22-305.422.]

2. Comment:

"(QR) EXAMPLE: Respondent reports on the QR-7 that he/she began employment the last week of the Data Month, and that he/she will be paid every two weeks. Respondent completes the ~~next~~ subsequent QR 7 and checks the "No" box for income received in the month, and hasn't indicated that he/she lost the job.

*"The above corrections improve the example, but even with the changes, the example it still doesn't affirmatively and unequivocally establish an IPV, as the CWD has an affirmative obligation to resolve the conflicting information and get a completed QR-7. I would presume if the county contacts the client, and the client turns in a corrected QR 7, that this is not an IPV. For an IPV example, you would need someone who never reported starting work or the income." (LSNC)*

Response:

The Department agrees with the commenter in part and is amending the regulation to clarify that the respondent reports "on the QR 7" and replace "the next" with "a subsequent" for clarity. However, we disagree with adding the phrase "and has not indicated that he/she lost job" as this example retains the primary intent and substance of the MR requirements, and is only being updated to include the appropriate QR terms.

In response to the comment that the example does not establish an IPV, this example was not intended to illustrate that in this situation an IPV is established. The paragraph directly preceding the example clearly states that this is an example which does not result in an IPV.

Section 40-103.5

3. Comment:

*"The client trainings and QR information call the 2<sup>nd</sup> month of the quarter the 'report month.' All references to 'data month' should be changed to be consistent with the client training and R & R form." (LSNC)*

Response:

The Department disagrees with the commenter. The term "Data Month" is a regulatory term of art used to assist counties in distinguishing between the months the information is intended to cover versus the month in which the information is submitted to the county. "Report Month" was retained in client training and QR informational materials as well as on the QR 7 as generic and more familiar terminology for the purpose of recipient clarity.

4. Comment:

**"Suggest adding another definition: '(QR) .55 QR 7 Reporting Period – the submit month prior to the current QR Payment Quarter, the first month of the current QR Payment Quarter and the Data Month of the current QR Payment Quarter.'" (SH DSS)**

Response:

The Department agrees and is modifying the regulations to include a definition for clarity.

Section 40-105.14

5. Comment:

*"What is the authority for 5 day reporting for applicants? There is none cited at the end." (LSNC)*

Response:

This regulation is a tandem MR/QR regulation [see page 1 of the Final Statement of Reasons (FSOR)]. The portion of the tandem QR regulation regarding the 5-day reporting requirement for applicants did not change in either substance or intent from the original MR provision; therefore, no new authority for this provision is necessary. The only change was the 10-day requirement for recipients as mandated by the QR statutes.

Handbook Section 40-107(j)(QR)

6. Comment:

**"Suggest adding an example of the QR 7 Reporting Period" (SH DSS)**

<b>Cycle 1 QR 7 Reporting Period</b>	<b>Cycle 2 QR 7 Reporting Period</b>	<b>Cycle 3 QR 7 Reporting Period</b>
December/January/February	January/ February/March/	February/ March/April
March/April/May	April/ May/June	May/ June/July
June/ July/August	July/ August/September	August/ September/October
September/October/November	October/November/December	November/December/January

Response:

The Department disagrees with the commenter. An example is unnecessary as counties have already established their QR 7 Reporting Periods. The definition of the QR 7 Reporting Period as amended in Section 40-103.55(QR) is clear in stating that the QR 7 Reporting Period is the Data Month and the two preceding months. Please see response to Comment 4.

Section 40-125.952(QR)

7. Comment:

"If a former recipient reapplies for aid ~~AU requests restoration~~ after the effective date of discontinuance, the county shall determine the AU's eligibility and grant amount based on the information provided at the time of request for restoration. Beginning date of aid rules will apply (see Section 44-317). The AU may be assigned to the previous QR cycle or a new QR cycle based on the date of ~~restoration~~. benefits recommence."



*"Once discontinued the family would need to reapply to 'restore' aid. To distinguish from an existing AU re-establishing eligibility prior to the effective date of the discontinuance, and as there is not process outside of reapplication to 'restore' aid in this circumstance, it seems like the using terminology such as 'AU' and 'request restoration' are confusing." (LSNC)*

Response:

The Department agrees with the commenter in part and is amending the regulation to read "former recipient." However, we disagree with the changes suggested by the commenter to replace the phrase "requests restoration" with the phrase "reapplies for aid." Section 40-103.4 specifically defines the terms "restoration" and "reapplication." These terms are not interchangeable as they provide for different processes depending on the time and the circumstances under which the former recipient requests aid. Additionally, we disagree with the suggested change to use the phrase "benefits recommence," but are amending the regulation to clarify that this section is referring to restoration of cash aid. Benefits is not a term of art used in the CalWORKs program; therefore, we are amending this phrase to "based on the date cash aid is restored."

Section 40-125.96(QR) et seq.

8. Comment:

*"We recommend reordering and changing the wording as follows, for flow and clarity.*

"Restorations Based on Excess Income

~~"When an AU is discontinued due to excess income, the recipient may request restoration of cash aid if the AU experiences a loss or reduction of reasonably anticipated income that was used to determine financial ineligibility.~~

"40-125.961

"When an AU is discontinued due to excess income, if an the AU requests restoration of cash aid before the effective date of discontinuance, the county shall determine income eligibility and rescind the discontinuance if the AU is found eligible.

"40-125.962

"If an former receipt reapplies for aid AU requests restoration after the effective date of discontinuance, the county shall determine the AU's eligibility and grant amount based on the information provided at the time of request for restoration the reapplication. Beginning date of aid rules will apply (see Section 44-317). The AU may be assigned to the previous QR cycle or a new QR cycle based on the date of restoration benefits recommence." (LSNC)

Response:

The Department disagrees with the commenter's suggestion to delete the lead-in paragraph under Section 40-125.96(QR). This section is necessary to establish that an AU that is discontinued due to excess income may request restoration of cash aid if the AU experiences a loss or reduction of reasonably anticipated income that was used to determine financial ineligibility.

The Department also disagrees with the commenter's suggestion to change the wording under Section 40-125.961(QR). The current language provides for consistency of each previous subsection used in this specific regulation citation.

The Department agrees with the commenter in part and is amending Section 40-125.962(QR) to read "a former recipient." However, we disagree with the changes suggested by the commenter to replace the phrases "AU requests restoration" with "reapplies for aid" and "request for restoration" with "the reapplication" for the reasons described in the response to comment 7. Additionally, the Department disagrees with the suggestion to change the phrase "of restoration" to "benefits recommence," but is amending the regulation to clarify that this section is referring to restoration of "cash aid." Benefits is not a term of art in the CalWORKs program; therefore, the Department is amending this phrase to "based on the date cash aid is restored."

Section 40-181.244(QR)

9. Comment:

*"Question: Shouldn't the AU get the fixed amount deduction it doesn't provide a listing of expenses? (Why get nothing?)" (LSNC)*

Response:

This regulation is a tandem MR/QR regulation (see page 1 of the FSOR) where the portion of the QR tandem regulation in question did not change in substance or intent from the existing MR provision. However, we wish to clarify to the commenter that the failure of the recipient to verify expenses does not result in an automatic default to the 40 percent deduction since existing regulations provide that the election of either option remains in place until redetermination or six months, whichever occurs first. CalWORKs regulations at Section 44-113.212(a)(QR) provide that an applicant/recipient may choose either the 40 percent self-employment deduction or verified actual self-employment expenses in accordance with Food Stamp regulations found at MPP 63-503.41. Recipients shall be allowed to change the method of deduction only at redetermination or every six months, whichever occurs first.

Section 41-405.11(QR)

10. Comment:

"When a basis for deprivation ceases mid-quarter, the county shall not take mid-quarter action based on changes in deprivation. Any changes in deprivation shall be reported on the QR 7 and any change in eligibility or grant amount that results from the **change in deprivation shall be effective the first day of the next QR Payment Quarter.**

"We are in agreement with this regulation and specifically the above bolded statement; **'Any change in eligibility or grant amount that results from the change in deprivation shall be effective the first day of the next QR Payment Quarter.'**

"Regulation 82-832.3, excluded person regulation is in conflict with this regulation.

**"Additional Comment:** The change occurred during the QR 7 reporting period which is the last submit month, the first month of the current payment quarter and the Data Month of the current payment quarter.

All of the information must be reported on the QR 7 in the submit month and the action **must take effect no later than the first day of the next QR Payment Quarter.** This should include:

- "Absent parents returning to the home when deprivation is established for the QR 7 Reporting Period and they are not added until the first of the following QR Payment Quarter because adding them mid-quarter would decrease in benefits to the existing AU.
  - **"Example 1:** Current Quarter is Jan/Feb/March. Absent parent (father) returns to the home in December. December is part of the QR 7 reporting period. The aided parent (mother) voluntarily reports in January that the father returned to the home in December.

"The CWD collects all of the information to determine:

- "if deprivation continues for the aided children, by determining if:
- "cash aid eligibility existed for the father in December, January, February, March and/or April, and
- "if father is eligible to cash aid as of the month he entered the home, when reported timely, then cash-linked Medi-Cal eligibility exists with aid code 3D, and

- "determine if the father would be added effective the first of the following month (February) after being reported, if benefits increase, or held over until the first day of the first month of the next payment quarter, and
- "if the eligibility is established when determining to hold the father over to the next payment quarter because benefits would decrease, then his eligibility has been established, and
- "if deprivation changes in the submit month prior to adding the father, the CWD will treat the father as a recipient ( in the same way the father of an unborn is treated in a PWO case) and continue to add effective the first of the first month of the next payment quarter as stated above in this regulation. In other words once eligibility has been determined for the QR 7 Reporting Period at the initial determination to add the father, deprivation continues based on AU recipient status.
- "Note: If financial ineligibility occurred action must be taken in the same was as required to be reported for AU households.
- **"Example 2:** Current QR Payment Quarter is Jan/Feb/March. Absent father is reported for the first time on the QR 7. He returned to the home in the first month, January, and was receiving UIB in the first month and in the data month, however, when the CWD completed the interview in the submit month, the initial determination, the father had accepted FTE in the submit month, March. Based on this regulation, deprivation ceases and the CWD must take action to discontinue the AU at the end of the submit month in which the QR 7 was due and the new HH member was required to be reported." (SH DSS)

Response:

The Department disagrees with the statement of the commenter that Section 82-832.3(QR) conflicts with Section 41-405.11(QR). Section 41-405.11(QR) is specific to changes in deprivation. If the change in deprivation is a mid-quarter report (not on the QR 7), the county shall not take mid-quarter action based on changes in deprivation. Any changes in deprivation are to be reported on the next QR 7 and any change in eligibility or grant amount that results from the change in deprivation will be effective the first day of the QR Payment Quarter following report on the QR 7. However, Section 82-832.3(QR) is specific to treatment of income. If the AU reports on the QR 7 that a family member with income has returned to the home, QR rules require that that all income reported on the QR 7 be evaluated as reasonably anticipated income for the next QR Payment Quarter. In those situations in which eligibility has been evaluated and determined for a new individual reported on the QR 7, but ineligibility occurs before the action is taken to authorize aid for the next QR Payment Quarter, the request for aid must be denied since ineligibility occurs prior to the authorization of cash aid (Section 40-171.221g.). Under QRPB, this would result

in a No Change Notice and treatment of the income as that of an excluded family member as required by Section 82-832.3(QR). The Department determined that, in this unique situation, this policy is consistent with other existing rules found in Sections 44-133 regarding treatment of income of a person excluded from the AU and is equitable as it does not penalize the existing AU for a change that did not occur in the Data Month, which is entirely consistent with QR provisions.

In response to the additional comments, the Department wishes to clarify, that when a new person is reported in the home, the county is to make an initial determination of eligibility for cash-linked Medi-Cal. However, when determining eligibility for CalWORKs cash aid, the county evaluates eligibility for the individual beginning with the first of the month following the month in which the change is voluntarily reported and/or the first day of the next QR Payment Quarter depending on whether adding the individual would increase or decrease the existing AU's grant. Although an individual is initially determined eligible for cash-linked Medi-Cal benefits, this individual is not considered a CalWORKs cash aid recipient until cash aid is authorized and he/she is included in the AU.

Further, the commenter is incorrect in stating that in Pregnant Woman Only cases, the father is considered a recipient. The father is treated as an excluded person and not considered a recipient until after the birth of the child if he meets all conditions of eligibility (see Section 44-205.122). All eligibility criteria must be evaluated prior to adding a person and that person may only be added if eligibility exists.

The commenter's Example 2 is also incorrect. Deprivation is established once per quarter based on the Data Month information reported on the QR 7.

#### Section 42-209.2

##### 11. Comment:

*"Missing comma.*

"Under QR/PB, nonrecurring lump sum payments, which are not recurring regular income and usually nonrecurring in regard to amount and/or source, shall be treated as property in the month of receipt and any subsequent months." (LSNC)

##### Response:

The Department agrees with the commenter and is adding a comma for clarity.

Section 42-221.611

12. Comment:

*"Under the old MR rules, people with a one month POI could have a period of no aid through a grant suspension. It seems terribly inefficient to require reapplication, especially when only 1-2 months of POI are involved, as people have the right to apply in advance of eligibility, with the BDOA just starting when all eligibility factors are met." (LSNC)*

Response:

There are no longer provisions for suspension of cash aid under QR/PB. Welfare and Institutions Code Section 11265.2(d) establishes that grant calculations may not be revised to adjust the grant amount during the quarterly reporting period, except in specified circumstances. Therefore, the suspension of cash aid cannot be applied under QR/PB.

Section 42-406.24(QR) [Identified in comments as Section 42-406.2.]

13. Comment:

*"the completion and return of QR 3 or QR 7, giving his/her current employment status, and all other factors normally used to compute the recipient's needs." (LSNC)*

Response:

This regulation is a tandem MR/QR regulation (see page 1 of the FSOR) where the portion of the QR tandem regulation in question merely repeats the existing MR requirement, retaining both the intent and substance of the rule. However, the Department will consider the commenter's suggestion in its next clean-up regulation package.

Section 44-101(b)(2)(C)(QR) [Identified in comments as Section 44-101(b)(2).]

14. Comment:

*"Funds awarded a married person in a civil action for personal injuries are considered community income during the month of receipt and community property if retained past the month of receipt except as provided in Section 44-101(b)(1)(D)(QR), 42-203.5, and 42-205.3. If these funds are paid as a nonrecurring lump sum payment, then the funds shall be treated as property in accordance with Section 42-209.2(QR).*

*"This is not entirely correct, under Family Code §§780 and 781. In order to be correct, this section would need to say "if the cause of action arose during the marriage, adding "and didn't" then listing the factors of §781." (LSNC)*

Response:

This regulation is a tandem MR/QR regulation (see page 1 of the FSOR) where the portion of the QR tandem regulation in question merely repeats the existing MR requirement, retaining both the intent and substance of the rule. However, the Department will consider the commenter's suggestion in its next clean-up regulation package.

Section 44-101(m)(1)(QR) [Identified in comments as Section 44-101(m).]

15. Comment:

"Typo.

"The level of income that triggers the need for a\_CalWORKs AU to report a mid-quarter change in income." (LSNC)

Response:

The Department agrees with the commenter. The regulation is being amended to add a space between "a" and "CalWORKs."

Section 44-113.5(QR)

16. Comment:

"Child/spousal support which **is reasonably anticipated** to be paid during the QR Payment Quarter to the AU by the absent parent **and not forwarded** to the county **shall be considered available income** except as specified in Section 44-111.47.

"The regulation should read: (QR) During the application process child/spousal support which **was already received and was considered reasonably anticipated** to be paid during the QR Payment Quarter to the AU by the absent parent **and was not forwarded** to the county **shall be considered available income** except as specified in Section 44-111.47. and for continuing QR AUs any child/spousal support which is **not** reasonably anticipated to be paid during the QR Payment Quarter to the AU by the absent parent and **not** forwarded to the county **shall be considered available income** except as specified in Section 44-111.47 and any applicable overpayments shall be charted.

**"Reasoning:** If it was determined during the initial application process that the applicant already received direct child/spousal support from the absent parent then the CWD would have considered it reasonably anticipated and used the income in the applicant QR Payment Quarter and the CWD would instruct the applicant to turn over any future direct child/ spousal support payments to the county and the applicant must sign under penalty of perjury to agree. However, if the AU received any direct child/ spousal support by the absent parent and did not forward it to the county in any future

months of the applicant QR Payment Quarter and/or in any future months of any QR/Payment Quarters then the AU member has failed to comply the regulations and applicable overpayments must be computed.

**"Note:** This is an area of concern since the QR 7 does not request information on direct child/ spousal support being received in the submit month nor the first month of any QR 7 Reporting Period. It appears that the applicant/recipient gets mixed messages, one, turn over all direct child/spousal support and two, the county does not require the recipient to report it on the QR 7 when it's for any month other than the data month." (SH DSS)

Response:

The Department disagrees with the commenter. This subsection applies to both applicant and recipient cases. The regulation is not intended to address previous receipt of direct child support to determine reasonably anticipated income, but how to treat the child support payment if received by either the applicants or recipients and not forwarded to the county.

Furthermore, we disagree with the commenter's statement in the "note" that the county does not require the recipient to report child support on the QR 7 when it's for any month other than the data month. The QR 7 Addendum that must be provided with every QR 7 form, lists child/spousal support as an example of one of the types of income a recipient must report. Clients shall report the receipt of any type of income on the QR 7 in Part 1 if received in the Data Month, or Part 3 if reasonably anticipated to be received in the next quarter. Also, Question 28 in the Statement of Facts form (SAWS 2) required at application, asks if anyone will get, or expects to get child/spousal support.

Section 44-133.22

17. Comment:

*"It would be more helpful to have a Handbook example that uses combined unearned and earned income, as such an example would demonstrate the full calculation process, and is the more complicated scenario." (LSNC)*

Response:

Section 44-133.22 was not amended in this regulation package. However, if the comment was intended to apply to the Handbook Section 44-133.54(QR) examples, Example 2(QR) currently includes both an earned and unearned income component.



#### Handbook Section 44-133.54 Example 3(QR)

18. Comment:

*"Is it sufficient to state that there is no deprivation? Dad in common appears to meet unemployed definition since unlikely working more than 100 hours for \$375/month." (LSNC).*

Response:

This regulation is a tandem MR/QR handbook section (see page 1 of the FSOR) where the portion of the QR tandem handbook section in question merely repeats the existing MR handbook section, retaining both the intent and substance of the example. Furthermore, the intent of this example is to illustrate the treatment of income and needs in cases in which a person is excluded, and was not intended to illustrate deprivation. However, the Department will consider the commenter's suggestion in its next clean-up regulation package.

#### Handbook Section 44-133.54 Examples(QR)

19. Comment:

"If the regulation 82.832.3 remains, then this section needs at least two clear examples of what income to use as excluded person's income for the next payment quarter when the person who is being held over to be added the first of the next payment quarter, after required to be reported on the QR 7, becomes ineligible based on 82.832.3.

- "Example: Current Quarter is Jan/Feb/March. Absent parent (father) returns to the home in December. December is part of the QR 7 reporting period. The aided parent (mother) voluntarily reports in January that the father returned to the home in December.
- "When processing the initial application to add the father it was determined he was the PWE and unemployed and in receipt of UIB.
- "The father was determined cash aid eligible during the initial application in February back to December.
- "Cash-Linked Medi-Cal, aid code 3D, is authorized for December using income from the AU and the father's income for December only.
- "Cash-Linked Medi-Cal, aid code 3D, is authorized for January using the AU and the father's income for the current QR Payment Quarter.

- "When determining if the father should be added the first of February to the AU, the first month after he was voluntarily reported in the home, the CWD will use the AU and the father's income only for February and March, the current and remaining months of the payment quarter.
- "If the benefits decrease, then the father is held over until April, the first of the first month of the following payment quarter.
- "Cash-Linked Medi-Cal, aid code 3D, is then authorized for February and March using the AU and the father's income for the current QR Payment Quarter.
- "In the submit month, prior to action to add dad to the AU effective April, the AU voluntarily reports the father accepted FTE which is considered a mid-quarter voluntary report for the AU. However, CDSS has indicated that the father is still an applicant and is required to report any changes within 5-days. We believe that the father in these situations should be treated as part of the AU and considered so because deprivation was established for the QR 7 reporting period and apply the recipient regulation that allows recipients that are aided due to U/P deprivation to continue to be eligible until financial eligibility exists.
- "Based on 82.832.3 it indicates that the CWD would use the stopped/decreased income from the data month and ignore the new income for the upcoming payment quarter because the AU voluntarily reported mid-quarter, (yet CDSS is also indicating that the father is a mandatory reported within 5-days), in determining excluded parent budgeting. Quarterly Reporting/Prospective Budgeting is based on determining what the AU expects to receive in the future payment quarter. It is not Retrospective Budgeting using the known income from the Data Month especially when the income has stopped or decreased.
- "82.832.3 Indicates that the CWD will only apply this regulation if the CWD has not taken the action to add the person to the grant effective the first of the following quarter. We believe this excluded person budgeting for these situations will lead to errors in determining grant levels and treats families inequitably when the CWD is unable to act on these cases due to uncontrollable circumstances, case manager illnesses, vacations, uncovered caseloads and information is found out after the fact." (SH DSS)

Response:

The provisions for and examples of the treatment of excluded person's income are already contained in Section 44-133 and are unchanged under QR/PB. Additional examples are not necessary to illustrate the treatment of an excluded person's income. However, the Department agrees in part with the commenter and is adding an example to Section 82-832.3(QR). See response to Comment 57.

Section 44-133.54 Example 4(QR)

20. Comment:

"A mother and two children are in the April, May, June quarter. Mother submits the QR 7 due in June, which indicates that Mother will lose her job August 15. The AU anticipates in July she will receive \$300 for one pay period, and \$400 for the next pay period. She anticipates in August that she will receive a final check of \$200. She doesn't anticipate any income for September. The AU is nonexempt living in Region 1.

**"How does this example apply to the excluded person budgeting regulation?" (SH DSS)**

Response:

The Department agrees with the commenter that Example 4 does not apply in this section. The example is being removed from the handbook section of the regulation.

Section 44-205.122(QR)

21. Comment:

*"We recommend the following change, for completeness:*

"The unaided father shall be added to the AU effective the first of the month following the month in which the birth was reported if adding him results in an increase to cash aid and all conditions of eligibility have been met and verification has been provided. Otherwise, the father shall be aided in the following quarter, if all conditions of eligibility have been met and verification provided, pursuant to 44-316.16." (LSNC)

Response:

The Department agrees with the commenter and the regulation is being amended for additional clarity. The suggested language has been modified and the reference cite corrected.

22. Comment:

"Will the unaided father of the unborn be added at the same time as the unborn or separately?" (SH DSS)

Response:

The beginning date of aid for the unaided father is dependent on whether adding him results in an increase or decrease in the amount of aid. If adding him results in an increase, both the father and newborn would be added at the same time. If adding him results in a decrease, the newborn would be added the first of the month, however the

father would not be added until the next QR Payment Quarter if all conditions of eligibility are still met. For additional clarity, the regulation is being amended and a reference cite is being added. See response to Comment 21.

Section 44-211.631(QR)

23. Comment:

*"This section should, at the end, contain a reference to the special MFG rule. Citing to 44-318.15 here is not sufficient, as there is a definite statement regarding eligibility in 44-211.631 without mentioning the exception." (LSNC)*

Response:

The Department disagrees with the commenter. Section 44-318.15(QR) sufficiently addresses adding newborns, including MFG newborns to an existing AU. Section 44-211.631(QR) is intended to address when a pregnancy special need begins and ends and already makes the appropriate cross reference regarding when newborns, including MFG newborns are added to an existing AU.

Section 44-211.641(QR) [Identified in comments as Section 44-211.641.]

24. Comment:

*"We recommend a cross-reference to the PSN/Adding a newborn section, as follows, because of the various scenarios involved, including MFG children."*

*"The pregnancy special need payment for a pregnant woman who is receiving CalWORKs in an AU with eligible persons shall be granted from the month of the request continuing through the end of the quarter in which the child is expected to be born or the end of the month prior to the newborn being added to the AU once required verification has been provided, pursuant to 44-318.15." (LSNC)*

Response:

The Department agrees in part with the commenter. Section 44-211.641(QR) is amended by adding a cross-reference to Section 44-318.15(QR) for additional clarity. However, the cross reference will be placed after the term "AU" in the regulation.

Section 44-313.1(QR)

25. Comment:

*"Prospective budgeting is the method of computing an aid payment for a QR Payment Quarter **using an estimate** of the income reasonably anticipated to be received in that quarter (see Section 44-315.31(QR)) except for those mid-quarter changes where actual income is used as specified in Section 44-316.311(QR)." (LSNC)*

*"We do not recommend using the term 'estimate'. It is not defined, and is not part of the statute. It also is somewhat confusing given that there is a great deal of certainly (sic)(amount and timing) with anticipated income. 'Estimate' sounds much more tenuous."* (LSNC)

Response:

The Department agrees with the commenter. The phrase "an estimate of the" is being deleted from Section 44-313.11(QR) and the phrase "that is" added.

Section 44-314.112(QR)

26. Comment:

*"Why wouldn't this include full OP months repaid?"* (LSNC)

Response:

This regulation is a tandem MR/QR regulation (see page 1 of the FSOR) where the portion of the QR tandem regulation in question merely repeats the existing MR requirement, retaining both the intent and substance of the rule. The only substantive change to Section 44-314.11 was the removal of the provision related to suspense months because it becomes obsolete under QR. Section 44-314.112(QR) merely renumbered and repeated, verbatim, an existing MR provision.

Section 44-315.315(QR) [Identified in comments as Section 44-315.315.]

27. Comment:

"This process is extremely error prone due to the difficulty of the CWD Case Managers to assess the income, the difficulty of the recipient to answer the questions on the QR 7 clearly/accurately/correctly.

**"Recommendation:** Revert back to the original guidance of the ACL 03-18 using conversion factors only for income considered stable as defined in the ACL and continue to apply the averaging methodology to all other income, known as fluctuating in the ACL." (SH DSS)

Response:

The Department disagrees with the commenter. Current QR/PB regulations provide specific direction and establish clear provisions for the use of the conversion factor when reasonably anticipating income. The guidance on the use of conversion factors provided in ACL 03-18 created clarity issues that resulted in many questions from the county welfare departments. This regulation now provides clarity and consistency among the county welfare departments and the CalWORKs and Food Stamp programs.

The Department had numerous discussions on this issue with county and automation consortia staff which led to the development of the provisions now established in regulation.

Section 44-315.317(QR) [Identified in comments as Section 44-314.317.]

28. Comment:

*"It would be very helpful to have a Handbook example showing this."* (LSNC)

Response:

The Department disagrees with the commenter that a handbook example is needed here because a handbook example illustrating how aid is recalculated based on a mid-quarter change is included in renumbered Section 44-316.312(a)(QR) (Decreases in Reasonably Anticipated Income).

Handbook Section 44-315.39 Example 1(QR)

29. Comment:

"Suggest adding '**unaided**' stepfather in the first sentence and deleting '**(father of the unborn)**'." (SH DSS)

Response:

This handbook section is a tandem MR/QR handbook section (see page 1 of the FSOR) where the portion of the QR tandem handbook section in question merely repeats the existing MR example, retaining both the intent and substance of the example. Regardless, the Department does not believe that the commenter's suggestion is necessary for the example.

Handbook Section 44-315.39 Example 2(QR)

30. Comment:

"The reasonably anticipated earned income amount of \$566 should be \$566.67. The cents should be carried out to the Net Non-Exempt Income figure when they are dropped." (SH DSS)

Response:

The Department agrees with the commenter. The handbook example is being modified to add the cents to the reasonably anticipated earned income amount.

Section 44-316.2(QR)

31. Comment:

"Suggest adding '**in the QR 7 Reporting Period**'

"Prior to the end of each QR Payment Quarter, the county shall request updated information from recipient families concerning all changes affecting eligibility and grant **from the QR 7 Reporting Period** and expected income changes in the subsequent QR Payment Quarter." (SH DSS)

Response:

The Department agrees with the commenter and is adding the suggested phrase to this section with slight modifications for additional clarity.

Section 44-316.31(QR)

32. Comment:

"Suggest adding bolded language to: The county shall also accept a report of decreased income on the QR 7 as a voluntary mid-quarter report **for the submit month when received in the submit month or for the first month of the next payment quarter when received on extended filing deadline.**

"If the grant would decrease (for reasons other than a voluntary discontinuance of aid) **or not change** based on the voluntary report, the county shall not take action to change the grant, but shall send a notice pursuant to Section 22-071.12(QR).

**"Aren't there exceptions to the 'or not change'? Such as, an MFG child when no PSN has been issued?"** (SH DSS)

Response:

The Department agrees in part with the commenter. This section is being amended to instruct counties to accept a QR 7 received in the Submit Month as a voluntary report. The county will supplement the AU's grant for the Submit Month if the QR 7 indicates a decrease in income and the report is received in the Submit Month. However, a QR 7 received in the first month of the next QR Payment Quarter is not considered a voluntary report, as the grant amount for that quarter will be established based on the information provided on the QR 7.

The county will not retroactively supplement the grant for the Submit Month of the previous quarter if the QR 7 is not received until the first month of the next QR Payment Quarter.

This section is also being amended to add a reference cite to the exception provided for in Section 44-318.152(a)(QR) for MFG newborns who are added to the AU that result in no change to the grant.

Section 44-316.311(c)(QR) (Renumbered to Section 44-316.312(a)(3)(QR).)

33. Comment:

**"Suggest deleting the 'Actual and adding verified reasonably anticipated income -**  
The county shall use the **verified reasonably anticipated income** received for the month in which the decreased income occurred or the month it was reported, whichever is later, and the reasonably anticipated monthly income for the remaining months of the QR Payment Quarter in recalculating cash aid for the month in which the change was reported and remaining months of the QR Payment Quarter.

**"Suggest developing new regulations that allow CWDs to only recalculate the current month of a quarter once. This would be similar to the RISP request and decrease the workload for CWDs.**

**"Reasoning:**

"A Quarterly Reporting Mid-Quarter Supplement Income Request (QRSIR) is a way to manage Mid-Quarter "INCOME" changes in Quarterly Reporting.

- "Approve **one QRSIR per month for CalWORKs and/or Food Stamps**
- "Apply the QRSIR in the same way a RISP is applied in MRRB
  - Client must use a QRSIR form to request supplement
  - Request must be made for the current month
  - Compute for the month of request only
  - Use the same method as RISP but supplement up to the full MAP (no 80% limitation)
- "Keep any remaining months in the quarter frozen at original frozen amount
  - If client needs a supplement in any remaining months of quarter
    - Client can request via a QRSIR form
- "Counties will be looking at true prospective budgeting for each QRSIR request month
  - "Workload
    - Less staff time to process
      - Processing true prospective budget for one month based on the actual and anticipated income for that month



- No need to average income over current and remaining months, thus “harm” to client eliminated
  - Less learning curve for staff
    - Staff already understand the concept of issuing prospective supplements
    - Easy to apply concept to Food Stamp Program
  - QRSIR form has a release of information to verify change
- "Keeps original Quarterly Report Benefits frozen for remainder of quarter
    - No decrease NOA needed for remaining months of quarter
      - QRSIR is a supplement for the current month
  - "Clients understand the process
    - Less learning curve for clients
      - Clients already understand the RISP methodology
    - Client has the option to request a QRSIR every month
  - "Cost savings
    - Issuing supplements for current month only
      - If client begins getting income again in any remaining months of quarter, no need for supplement
  - "Food Stamp Errors
    - Will assist in lowering Food Stamp error rate
      - Staff will be dealing with current month only
      - Any remaining months are not subject to errors
        - Averaging has potential to drive errors
        - Staff not required to re-do" (SH DSS)

Response:

The Department agrees, in part, with the commenter's suggestion to change the word "actual" and is adding to this section the suggested phrase with slight modifications for additional clarity and to avoid redundancy. Additionally, the Department disagrees with the commenter regarding the addition of a new regulation that would limit the recalculation of the current month of a quarter to one instance. There is no statutory authority that would allow such a limitation. As required by the statute, the county must take action to increase the grant according to QR rules whenever an eligible recipient reports mid-quarter that one or more sources of income has decreased.

Sections 44-316.312(b), (c), and (d)(QR) (Renumbered to Sections 44-316.312(b)(2), (3), and (4)(QR).)

34. Comment:

*"The suggested changes eliminate redundant language and more clearly organize considerations.*

"(QR) (b) In determining if the new person is CalWORKs eligible, the county shall use the reasonably anticipated averaged income for the new person and the existing AU's income for the month in which the new person was voluntarily reported in the home and the remaining months of the QR Payment Quarter.

"(1) In making this determination, the county shall not recalculate the existing AU's reasonably anticipated monthly income that was previously computed.

"(2) The new person's income will be averaged for the remaining months of the QR Payment Quarter.

"(QR) (c) When aid would increase due to the voluntary report of a new person, the county shall add the new person effective the first of the month following the report of the change, in which all verification has been provided and all eligibility conditions have been met.

~~"(QR) (1) The county shall include the new person's reasonably anticipated monthly income along with the existing AU's reasonably anticipated monthly income to recalculate cash aid for the month the new person is added and the remaining months of the QR Payment Quarter. REDUNDANT of (b).~~

~~"(QR) (A) The new person's income will be averaged for the remaining months of the QR Payment Quarter. The county shall not recalculate the existing AU's monthly income that was previously computed when adding a new person to the grant.~~

*"The deleted language below didn't make sense. Aid would not be authorized if the person did not meet the eligibility requirements.*

"(QR) (d) When adding a new person ~~who~~ would result in an increase in aid, but the new person does not meet all eligibility conditions, ~~before aid is authorized~~, the county shall not add the person nor discontinue the existing AU mid-quarter." (LSNC)

Response:

The Department disagrees with the commenter regarding the comment on the renumbered Sections 44-316.312(b)(2) and (3)(QR) and agrees in part with the comment on renumbered Section 44-316.312(b)(4)(QR). Renumbered Sections 44-316.312(b)(2) and (3)(QR) are two separate and distinct provisions and changing the

language of these subsections, as suggested by the commenter, will change the meaning and the intent of the regulation. Renumbered Section 44-316.312(b)(2)(QR) describes what income the county shall use to determine initial CalWORKs eligibility (for cash-linked Medi-Cal purposes) for a new person who has been voluntarily reported in the home. Renumbered Section 44-316.312(b)(3)(A)(QR) describes what income to use (which is different from that used in renumbered Section 44-316.312(b)(2)(QR)) when it has been determined that adding the individual will result in a grant increase and how to treat the income of the new person and the existing AU. The Department agrees in part that renumbered Section 44-316.312(b)(4)(QR) needs clarification and is amending the regulation by deleting the comma after the word "conditions." However, changing the language in this subsection would change the meaning and intent of the regulation.

Section 44-316.312(d)(QR) (Renumbered to Section 44-316.312(b)(4)(QR).)

35. Comment:

"Why wouldn't the AU be discontinued? If adding the new person, who is required to be reported, and action must be taken by the first of the month of the next payment quarter after required to be reported on the QR 7, results in either the AU becoming ineligible or those that the new person made ineligible then the CWD must take the action to discontinue the end of the current payment quarter." (SH DSS)

Response:

The Department disagrees with the commenter's concern that the existing AU be discontinued. This regulation addresses a mid-quarter action involving a new person potentially being added to the AU. As stated in the regulation, the existing AU would not be discontinued mid-quarter in this instance because existing statute does not provide for any decreases or discontinuances based on information received on a voluntary mid-quarter report.

Section 44-316.312(e)(QR) (Renumbered to Section 44-316.312(b)(5)(QR).)

36. Comment:

"Why is Section 82-832.3 referenced?" (SH DSS)

Response:

Section 82-832.3(QR) is referenced to indicate an exception to renumbered Section 44-316.312(b)(5)(QR) regarding adding a person to the AU. However, for clarity the regulation is being amended to better convey that intent.

Handbook Section 44-316.312(e)(QR) Example (Renumbered to Handbook Section 44-316.312(b)(5)(QR) Example.)

37. Comment:

**"Suggest adding the bold language and breaking the actions required to be taken by the county in steps to add the father. See below:**

"Example: An AU of three (mother and two children) are in a January/February/March Quarter. Father, who is disabled and has a part time job, moves into the home January 10 **and is voluntarily reported in January by the AU.**

**"Step 1 - The County recalculates aid for the QR Payment Quarter using the father's reasonably anticipated income for the quarter to determine the father's cash aid eligibility.**

**"Step 2 - The county determines the father is cash aid eligible for the January and authorizes cash-linked Medi-Cal aid code 3D.**

**"Step 3 - The County re-calculates the month following the month the father was reported and the remaining months of the current quarter to determine if the addition of the father would decrease aid for the existing AU.**

**"Step 4 - The County determines the benefits would decrease mid-quarter and the county does not add the father into the AU mid-quarter.**

**"Step 5 – The county will authorize cash-linked Medi-Cal for February and March and send a No Change NOA and remind the existing AU to report the father on the next QR 7, due March 5.**

**"Step 6 - If the father is still living in the home, meets all eligibility conditions, and the AU remains eligible, the father will be added into the AU April 1 and his income will be used in the grant calculation for the April/May/June QR Payment Quarter." (SH DSS)**

Response:

The Department agrees with the comment in part and for clarity is amending renumbered Handbook Section 44-316.312(b)(5)(QR) Example by adding the phrase "and is voluntarily reported in January by the AU." However, this example is otherwise sufficient, without the additional changes suggested by the commenter, in illustrating the regulation.

Section 44-316.314(b)(1)(QR) (Renumbered to Section 44-316.312(d)(2)(A)(QR).)  
[Identified in comments as Section 44-316.314.]

38. Comment:

*"The following changes are needed to alert workers to the special MFG rule.*

"(QR) (1) If the pregnancy is verified to extend beyond the estimated date of confinement and extends into the next QR Payment Quarter, the county shall continue the pregnancy special need payment until the end of the QR Payment Quarter in which the new estimated date of confinement is established or until the newborn is added to the AU. See 44-318.152 for pregnancy special needs payments if the county determines the MFG rule applies to the newborn." (LSNC)

Response:

The Department agrees with the comment in part and is adding the appropriate cross-reference for additional clarity. Although some language is being added to modify the cross-reference, it differs from that suggested by the commenter.

Section 44-316.324(c)(1)(QR)

39. Comment:

**"Suggest adding language in bold:** The county shall determine if the reported income is reasonably anticipated to continue and whether the AU's net nonexempt monthly income will exceed the AU's MAP for the remainder of the QR Payment Quarter. If the income will continue **and exceed the AU's MAP**, the AU is determined financially ineligible for the QR Payment Quarter and the county shall discontinue the AU at the end of the month the income exceeded the AU's MAP, with timely notice (see Section 44-207.23(QR))." (SH DSS)

Response:

The Department agrees that this section should be amended for additional clarity and to better convey the intent of the regulation and is adding the commenter's suggested phrase "exceeds the AU's MAP," along with additional clarifying language.

Section 44-316.324(c)(1)(A)(QR) [Identified in comments as Section 44-316.324(1)(A).]

40. Comment:

*"There should be a subsection to this IRT section s that explains what happens if the averaged income exceeds the MAP, mid-quarter and then for the payment quarter.*

"(QR) (A) If the AU reports that the income will no longer exceed the IRT prior to the effective date of the discontinuance, and the county determines that this is reasonably anticipated, the county shall rescind the discontinuance.

*"The regulations currently state that 1) the county **shall** redetermine the AU's financial eligibility for the QR Payment Quarter, but also that 2) the county **shall** rescind the discontinuance if the source of income will not continue above the IRT.*

*"It is possible for the AU to know that the IRT income will stop in the payment quarter, but that the reasonably anticipated income prior to its discontinuance would exceed the MAP. How does the county redetermine financial eligibility in this circumstance? What happens if the IRT income averaged for the remainder of the quarter results in a \$0, since the switch to quarterly reporting has resulted in the demise of suspense months?*

*"Additionally, as written, families who anticipate IRT income in the last month of the upcoming quarter, but who will have little or no income for the initial months, could still be at risk of a discontinuance though they have no income with which to support themselves, and although the IRT could be known to not be continuing. For example: An AU of 2, with an October-December quarter reports on the QR 7 due in September that they anticipate no income in October or November, but that they have a confirmed job in December. The job will have guaranteed overtime, but end 12/31. They anticipate getting \$0/\$0/\$5000. Under QR budgeting, they'd be ineligible for a payment under a Quarterly averaging (\$720 exceeds MAP for 2), but have no money in the first two months. Also, discontinuing them seems improper as it is reasonably anticipated that the income source will not continue.*

*"What is strange is that it seems that someone who actually receives the income, but didn't anticipate it can remain on, but someone who anticipates a short-term high income would get cut off, even without having funds on which to live." (LSNC)*

Response:

The Department disagrees with the commenter's suggestion that a subsection to this section is needed to explain what happens if the averaged income exceeds the MAP, mid-quarter and then for the payment quarter. This section is a safeguard for recipients, which simply provides that a discontinuance (in the context of reported income exceeding the IRT) shall be rescinded if the AU reports that its income will no longer exceed the IRT prior to the effective date of the discontinuance. After the discontinuance takes effect, an AU would need to reapply and their eligibility would be assessed based on any changed circumstances in accordance with applicable application rules. Additionally, the clarifying amendments made to Section 44-316.324(c)(1)(QR) and the newly proposed Section 44-316.324(c)(2)(QR) will help avoid confusion with regards to the eligibility determinations made in the context of AUs reporting of income exceeding the IRT.

In the latter portion of the comment on this section, the commenter also raises a hypothetical issue involving a family's anticipation of a large amount of future income in the third month of a QR Payment Quarter, but no income in the two preceding months of the quarter. The result is AU ineligibility for the entire quarter based on the three months averaged income.

Under the Quarterly Reporting statutes, eligibility and grant amounts are established on a quarterly basis based on reasonably anticipated income for the entire quarterly period, with static grants for the payment quarter. Thus, the issue raised by the commenter is simply a function of the quarterly reporting system as required by the Legislature.

Furthermore, while the example provided by the commenter is theoretically possible, it is highly unlikely, due to the regulatory restriction that income must be "reasonably anticipated" to be considered in the eligibility and grant determination for the future quarter.

Under the Reasonably Anticipated Income requirements in the QR regulations, the recipient must be both reasonably certain that this dramatic change in income will occur as well as reasonably certain as to the amount of income anticipated. The county is required to determine whether or not the income meets the Reasonably Anticipated Income criteria. See Sections 44-101(c)(1)(QR) and 44-315.31(QR).

Handbook Section 44-316.324(d)(QR)

41. Comment:

**"Suggest adding to the IRT Chart" (SH DSS)**

Region One	
Reporting Size	Income Reporting Threshold
0	\$227

Region Two	
Reporting Size	Income Reporting Threshold
0	\$227

Response:

The Department agrees with the comment and is adding this information to Handbook Section 44-316.324(d)(QR). Additionally, language has been added to clarify that when selecting the "reporting size" that this number reflects the number of persons whose needs are considered when determining financial eligibility. The IRT amounts have also been updated.

Section 44-316.331

42. Comment:

**"Are the actions listed below the ONLY county-initiated actions a county can take? If not, then suggest adding 'but not limited to' at heading." (SH DSS)**

Response:

Statute provides that the Department may establish additional mid-quarter county-initiated actions. However, until they are added, the actions listed in this regulation are the only county-initiated mid-quarter actions that the counties can take. Adding the language suggested by the commenter would result in a vague/unclear regulation.

Section 44-316.331(f)

43. Comment:

**"Suggest adding language in bold: A child in the AU reaches the age limit or 18 year old child AU member who graduates from high school or has received their GED;" (SH DSS)**

Response:

The Department disagrees with the comment to add the phrase "or 18 year old child AU member who graduates from high school or has received their GED," but is including a cross reference to the age limit regulations found in Section 42-101, which includes eligibility requirements for teens that turn age 18.

Section 44-316.331(i)

44. Comment:

**"Suggest changing language to that in bold**

**"Aid is approved for an individual who is currently aided in another AU;**

**"Please define 'approved'. Give examples such as below:**

**"Example 1: Current quarter is Jan/Feb/March. The current AU consists of mother and 2 children with absent parent deprivation. On February 4<sup>th</sup> one of the children goes to live with grandmother. Grandmother, a needy caretaker relative, comes into apply for aid for the child on February 5<sup>th</sup>. Since duplicate aid cannot be authorized for the child now living with the grandmother, the child must be deleted effective the end of February with a 10-day NOA from the mother's AU and aid will be authorized effective the first of March for the grandmother and the child. The application for February will be denied for no eligible child.**

**"Example 2: Current quarter is Jan/Feb/March. The current AU consists of mother and 2 children with absent parent deprivation. On February 4<sup>th</sup> one of the children goes to live with grandmother. Grandmother, a needy caretaker relative, comes into apply for aid for the child on February 25<sup>th</sup>. Since duplicate aid cannot be authorized for the child now living with the grandmother, the child must be deleted effective the end of March with a 10-day NOA from the mother's**



**AU and aid will be authorized effective the first of April for the grandmother and the child. The application for February and March will be denied for no eligible child."** (SH DSS)

Response:

The Department agrees with the comment to replace the term "child" with the phrase "an individual" in the regulation and the word "approved" to "authorized" is also being changed for additional clarity and to accurately convey the intent of the regulation. The intent of this regulation is to require that a county-initiated action be taken to ensure that there is no duplicate aid paid for an individual who becomes eligible in another AU.

The Department disagrees with the second comment in which the commenter suggests that the Department provide examples. This section provides a listing of county-initiated mid-quarter actions to be taken by counties and is not the appropriate place for the examples suggested by the commenter to clarify beginning dates of aid.

Section 44-316.331(j)

45. Comment:

"Suggest adding language in bold - Late QR 7 adjustment **for the second month of the QR Payment Quarter**" (SH DSS)

Response:

The Department disagrees with the commenter to add "for the second month of the QR Payment Quarter" to the regulation. This regulation is intended to apply to any mid-quarter adjustment needed based on the receipt of a late QR 7. The additional language suggested by the commenter could unduly limit the application of the regulation and/or create confusion in the application of the provision.

Section 44-318.112(QR)

46. Comment:

"Suggest adding language in bold - The first day of the QR Payment Quarter following the required reporting of the individual on the QR 7 provided all conditions of eligibility have been met **prior to authorization.**" (SH DSS)

Response:

The Department disagrees with the comment to add language "prior to authorization." This section is intended to regulate the beginning date of aid for persons that have met all eligibility conditions and who are eligible to be included in the AU. In situations in which eligibility conditions are not met, BDA rules would not apply. Therefore, the

regulation is sufficiently clear as written and adding the commenter's suggested language would create clarity issues.

Section 44-318.14(QR) [Identified in comments as Section 44-318.129.]

47. Comment:

*"The section in red [bold] seems to contradict the statement in the first sentence. (How can it be the 1<sup>st</sup> of the payment quarter after it should have been reported, if eligibility is not deemed to be met until the payment quarter following discovery?)*

"(QR) The first day of the month of the QR Payment Quarter following the quarter in which the individual was required to be reported on the QR 7 provided that the individual meets all requirements for eligibility when he/she was required to be included in the AU but was not reported on the QR 7. **Eligibility conditions are considered to have been met from the first day of the QR Payment Quarter following the quarter in which the individual was discovered in the home, providing he/she is cooperating in meeting those conditions.**" (LSNC)

Response:

The Department agrees with the commenter and is amending the regulation for clarity and to eliminate any potentially contradicting language.

Section 44-340.14(QR)

48. Comment:

**"Suggest developing new regulations that allow CWDs to only recalculate the current month of a quarter once. This would be similar to the RISP request and decrease the workload for CWDs.**

**"Reasoning:**

"A Quarterly Reporting Mid-Quarter Supplement Income Request (QRSIR) is a way to manage Mid-Quarter "INCOME" changes in Quarterly Reporting.

- "Approve **one QRSIR per month for CalWORKs and/or Food Stamps**
- "Apply the QRSIR in the same way a RISP is applied in MRRB
  - Client must use a QRSIR form to request supplement
  - Request must be made for the current month
  - Compute for the month of request only
  - Use the same method as RISP but supplement up to the full MAP (no 80% limitation)
- "Keep any remaining months in the quarter frozen at original frozen amount
  - If client needs a supplement in any remaining months of quarter

- Client can request via a QRSIR form
- "Counties will be looking at true prospective budgeting for each QRSIR request month
  - "Workload
    - Less staff time to process
      - Processing true prospective budget for one month based on the actual and anticipated income for that month
      - No need to average income over current and remaining months, thus "harm" to client eliminated
      - Less learning curve for staff
        - Staff already understand the concept of issuing prospective supplements
        - Easy to apply concept to Food Stamp Program
      - QRSIR form has a release of information to verify change
  - "Keeps original Quarterly Report Benefits frozen for remainder of quarter
    - No decrease NOA needed for remaining months of quarter
      - QRSIR is a supplement for the current month
  - "Clients understand the process
    - Less learning curve for clients
      - Clients already understand the RISP methodology
    - Client has the option to request a QRSIR every month
  - "Cost savings
    - Issuing supplements for current month only
      - If client begins getting income again in any remaining months of quarter, no need for supplement
  - "Food Stamp Errors
    - Will assist in lowering Food Stamp error rate
      - Staff will be dealing with current month only
      - Any remaining months are not subject to errors
        - Averaging has potential to drive errors
        - Staff not required to re-do" (SH DSS)

Response:

The Department disagrees with this comment. Please see response to Comment 33.

#### Section 44-340.33(QR)

49. Comment:

*"There should be an exception to the bar on determining an underpayment unless the recipient made a voluntary report. An underpayment should still be determined when a recipient was unable, for good cause, such as illness, to report the change in circumstances/income during the QR Payment Quarter."*

"No underpayment shall be established when a change in circumstances occurs or actual income received is less than what was reasonably anticipated during the QR Payment Quarter and the recipient did not voluntarily report the change in circumstances or the decrease of income during the QR Payment Quarter, unless the recipient had good cause for not making a voluntary report." (LSNC)

Response:

The Department disagrees with the comment. The statute does not provide for any "good cause" regarding a recipient's failure to make a voluntary mid-quarter report.

#### Section 44-350

50. Comment:

*"Structurally, it seems like .17 should be part of .6 "instances where no overpayment is assessed." so it's clear both the initial and supplement payments are not overpayments if correctly budgeted initially.*

*"Also, there should be a section that explains what to do if the overpayment computation affects other aspects of budgeting (such when there would have been a mid-quarter increase if the correct grant amount were used.) This is especially a problem for administrative error overpayments. It should be clear that in these circumstances, the county is to review the overpayment quarter and subsequent payment quarter for possible underpayments."* (LSNC)

Response:

The Department agrees with the comment that structurally Sections 44-350.6 and .17 should be part of "instances where no overpayment is assessed." The Department is renumbering Section 44-350.6 to Section 44-350.18, and amending the renumbered section to delete the title.

The Department disagrees with the second part of the comment in which the commenter is requesting to add a new section that explains what to do if the overpayment computation affects other aspects of budgeting. The counties are responsible to promptly and accurately compute an overpayment. This would be a redundant regulation to an already existing regulation found in Section 44-340.1.

#### Section 44-352.11

51. Comment:

*"What if the excess property was in good faith? Normally the person could have spent-down to retain eligibility, with no overpayment in the subsequent quarter. So why would the overpayment be the lesser of the excess value vs. the aid paid in a QR system?" (LSNC)*

Response:

There is no statutory authority that provides for holding excess property in good faith when determining overpayments. However, the Department agrees with the commenter's concern regarding the spend down of excess property and is adding language to the regulation to clarify when an overpayment can be assessed due to excess property. Additionally, the regulation is being rearranged and renumbered to provide additional clarity.

#### Section 44-352.112

52. Comment:

"Typo – '**hald**' should be '**held**'" (SH DSS)

Response:

The Department is correcting the typographical error.

Handbook Section 44-352.121(a)(2)(QR) [Identified in comments as Section 44-352.131(QR) 2 Handbook section.]

53. Comment:

"Suggest adding language in **bold** - (The quarter in which the income was received was January/February/March). The AU is still receiving the same level of income in the current July/August/September 2005 quarter and has never reported the income in a mid-quarter report or on any of the QR 7s that have been submitted.

The county determines that the AU should have reported this change by January 15, and should have been discontinued due to financial ineligibility effective January 31. **The AU should be discontinued with a 10-day NOA and an overpayment would be established beginning February 1 through the month of discontinuance.**" (SH DSS)

Response:

The Department agrees with the comment and is adding for additional clarity the sentence "The AU should be discontinued with a 10-day notice and an overpayment would be established beginning February 1 through the month of discontinuance."

Section 44-402

54. Comment:

**"Suggest developing new regulations that allow CWDs to only recalculate the current month of a quarter once. This would be similar to the RISP request and decrease the workload for CWDs.**

**"Reasoning:**

"A Quarterly Reporting Mid-Quarter Supplement Income Request (QRSIR) is a way to manage Mid-Quarter "INCOME" changes in Quarterly Reporting.

- "Approve **one QRSIR per month for CalWORKs and/or Food Stamps**
- "Apply the QRSIR in the same way a RISP is applied in MRRB
  - Client must use a QRSIR form to request supplement
  - Request must be made for the current month
  - Compute for the month of request only
  - Use the same method as RISP but supplement up to the full MAP (no 80% limitation)
- "Keep any remaining months in the quarter frozen at original frozen amount
  - If client needs a supplement in any remaining months of quarter
    - Client can request via a QRSIR form
- "Counties will be looking at true prospective budgeting for each QRSIR request month
  - "Workload
    - Less staff time to process
      - Processing true prospective budget for one month based on the actual and anticipated income for that month
      - No need to average income over current and remaining months, thus "harm" to client eliminated
      - Less learning curve for staff

- Staff already understand the concept of issuing prospective supplements
  - Easy to apply concept to Food Stamp Program
- QRSIR form has a release of information to verify change
- "Keeps original Quarterly Report Benefits frozen for remainder of quarter
  - No decrease NOA needed for remaining months of quarter
    - QRSIR is a supplement for the current month
- "Clients understand the process
  - Less learning curve for clients
    - Clients already understand the RISP methodology
  - Client has the option to request a QRSIR every month
- "Cost savings
  - Issuing supplements for current month only
    - If client begins getting income again in any remaining months of quarter, no need for supplement
- "Food Stamp Errors
  - Will assist in lowering Food Stamp error rate
    - Staff will be dealing with current month only
    - Any remaining months are not subject to errors
      - Averaging has potential to drive errors
      - Staff not required to re-do" (SH DSS)

Response:

The Department disagrees with the comment. Please see response to Comment 33.

Sections 47-320.27 and .28(QR)

55. Comment:

"Section 47-320.27-.28 changes the wording of what is required to be reported for child care, but does not appear to be related to the change from MR to QR. These changes thus appear outside the scope of this package." (LSNC)

Response:

The Department disagrees with the comment. The regulation change is directly related to the change from MR to QR. As stated in the Final Statement of Reasons, Part (a), the Specific Purpose/Factual Basis for these sections, it is necessary to change this regulation since under MR child care recipients reported the information on the Monthly Eligibility Status Report (CW 7). Now that the monthly report is no longer used under QR, in order to avoid overpayments/underpayments and/or inappropriate assessment of family fees, specific information will need to be reported by child care

recipients only when the change occurs. Furthermore, what is now required to be reported has been significantly narrowed from what was previously required.

Section 82-820.3(QR)

56. Comment:

**"This regulation is in conflict with 82-832.3" (SH DSS)**

Response:

The Department disagrees with the commenter. Section 82-820.3(QR) defines mandatorily included persons as persons who are living in the home and eligible. Section 82-832.3(QR) describes treatment of persons living in the home, who have been reported on the QR 7 and who are determined ineligible prior to being included in the AU at the beginning of the next QR Payment Quarter.

Section 82-832.3(QR)

57. Comment:

*"A handbook example would be helpful. (Is this section intended to cover someone who can't be added because of a decrease in aid mid-quarter, but who is not otherwise eligible? As well as someone with a status change, such as becoming a drug felon?)" (LSNC)*

Response:

The Department agrees with the suggestion to add a handbook example to the regulation. In response to the second comment "is this section intended to cover someone who can't be added because of a decrease in aid mid-quarter, but who is not otherwise eligible?", we wish to clarify that this section is intended to cover only those situations in which a change in the household composition is reported on the QR 7, the individual meets all eligibility conditions at the time of the report, but ineligibility occurs sometime during the submit month prior to the authorization of aid for the next QR Payment Quarter. Treatment of someone who can't be added because of a decrease in aid mid-quarter is found at renumbered Section 44-316.312(b)(5)(QR). Further, a change in status to drug felon, based on a mandatory report would be a county-initiated change in accordance with Section 44-316.32(QR). Aid in these cases would be discontinued as soon as timely and adequate notice is provided to the recipient.



58. Comment:

**"Regulation 41-405.1.11 (QR) –** When a basis for deprivation ceases mid-quarter, the county shall not take mid-quarter action based on changes in deprivation. Any changes in deprivation shall be reported on the QR 7 and any change in eligibility or grant amount that results from the **change in deprivation shall be effective the first day of the next QR Payment Quarter.**

"We are in agreement with this regulation and specifically the above bolded statement; **'Any change in eligibility or grant amount that results from the change in deprivation shall be effective the first day of the next QR Payment Quarter.'**

"Regulation 82-832.3, excluded person regulation is in conflict with this regulation.

**"Additional Comment:** The change occurred during the QR 7 reporting period which is the last submit month, the first month of the current payment quarter and the Data Month of the current payment quarter. All of the information must be reported on the QR 7 in the submit month and the action **must take effect no later than the first day of the next QR Payment Quarter.** This should include:

- "Absent parents returning to the home when deprivation is established for the QR 7 Reporting Period and they are not added until the first of the following QR Payment Quarter because adding them mid-quarter would decrease in benefits to the existing AU.
  - **"Example 1:** Current Quarter is Jan/Feb/March. Absent parent (father) returns to the home in December. December is part of the QR 7 reporting period. The aided parent (mother) voluntarily reports in January that the father returned to the home in December.

"The CWD collects all of the information to determine:

- if deprivation continues for the aided children, by determining if:
- cash aid eligibility existed for the father in December, January, February, March and/or April, and
- if father is eligible to cash aid as of the month he entered the home, when reported timely, then cash-linked Medi-Cal eligibility exists with aid code 3D, and
- determine if the father would be added effective the first of the following month (February) after being reported, if benefits increase, or held over until the first day of the first month of the next payment quarter, and
- if the eligibility is established when determining to hold the father over to the next payment quarter because benefits would decrease, then his eligibility has been established, and

- if deprivation changes in the submit month prior to adding the father, the CWD will treat the father as a recipient ( in the same way the father of an unborn is treated in a PWO case) and continue to add effective the first of the first month of the next payment quarter as stated above in this regulation. In other words once eligibility has been determined for the QR 7 Reporting Period at the initial determination to add the father, deprivation continues based on AU recipient status.
  - Note: If financial ineligibility occurred action must be taken in the same was as required to be reported for AU households.
- **"Example 2:** Current QR Payment Quarter is Jan/Feb/March. Absent father is reported for the first time on the QR 7. He returned to the home in the first month, January, and was receiving UIB in the first month and in the data month, however, when the CWD completed the interview in the submit month, the initial determination, the father had accepted FTE in the submit month, March. Based on this regulation, deprivation ceases and the CWD must take action to discontinue the AU at the end of the submit month in which the QR 7 was due and the new HH member was required to be reported.

**"Additional comments for 832.3 – if this regulation remains in effect examples clearly defining the budgeting methodology must be included." (SH DSS)**

Response:

Please see response to Comment 10 regarding Section 41-405.11(QR) which refers to "when change in deprivation shall be effective the first day of the next QR Payment Quarter." The Department agrees with the commenter's suggestion to add a handbook example to Section 82-832.3(QR). Please see response to Comment 57.

#### Section 89-110.291(QR)

59. Comment:

"What if the change is reported in the submit month as a voluntary report, which it would be on the QR 7? Suggest keeping this consistent with income changes and prior application of the BENO changes. In prospective budgeting if the MAP status changes mid-quarter and increases benefits apply it, if decreases benefits, hold it over until the next QR Payment Quarter." (SH DSS)

Response:

The Department disagrees with the commenter's suggestion to keep this consistent with income changes and prior application of the Beno court case changes. This policy is consistent with the existing statutes enacted by AB 444 (Chapter 1022, Statutes of 2002), AB 692 (Chapter 1024, Statute of 2002), and AB 1402 (Chaptered 398, Statutes of 2003). Section 89-110.291(QR) provides the rules for changing the MAP status

when the AU's status changes between exempt and nonexempt. However, the rules for treatment of income that can be reasonably anticipated may not in all instances be consistent with application of the change in exemption status. QR regulations specify that if the change is reported in the Submit Month as a voluntary report, the change in status is treated in accordance with Section 89-110.292(QR). Example 17 of Section 89-110.3(QR) provides an example of a voluntary mid-quarter report of a recipients change in status.

#### Section 89-110.292(QR)

60. Comment:

"This regulation and 89-110.291 appear to be exceptions to the mid-quarter reports. Suggest keeping it consistent with other income changes and make if applicable for the month reported. Is the income that may make the change tied to the MAP status change?

"Example: Mom and 2 children in AU. Mom reports on the QR 7 she began receiving SDI.

"Does the CWD use the new SDI income when calculating the voluntary report of SDI income for the submit month and does the CWD use the new MAP status change together with the SDI? What if the mother had earned income that temporarily stopped. How would the CWD calculate? "Examples are needed." (SH DSS)

Response:

Please see response to Comment 59.

#### Handbook Section 89-110.3(QR) Example 11

61. Comment:

*"The QR example, unlike the MR one, does not say that the SSI stops. We recommend you make this statement to show that the change, which would decrease the aid, is not done because of prospective budgeting. For clarity, the full answer should include the statement that the rate is based on the status at time of application, done prospectively for the quarter, and unless results in an increase, not changed for mid-quarter issues."* (LSNC)

Response:

The Department agrees with the comment to add language regarding when the SSI stops and to replace the term "made" to "approve" in this example for clarity.

#### Handbook Section 89-110.3(QR) Example 12

62. Comment:

*"The QR regulations don't have the Example 12 parallel of the MR section. We recommend keeping the example to show two aspects of the MAP rule. 1) if the SDI receipt was anticipated (prior quarter reporting), then the change would have been effective the 1<sup>st</sup> of the payment quarter, even though the income did not start until January 5<sup>th</sup>; 2) if not reasonably anticipated (for example amount or commencement was too indefinite), and it is a mid-quarter report made in January, the exempt MAP would start effective in February and for the rest of the payment quarter, if this would lead to an increase in the grant. (The latter would depend on the wages from the job that presumably stopped or were reduced because of the illness or injury that is the basis of the SDI.)" (LSNC)*

Response:

The Department disagrees with the commenter. Under QR rules, Examples 12 and 14 would have the same resulting outcome regarding receipt of SDI and adding both examples would be redundant. The Department also disagrees with the second suggested comment which refers to mid-quarter reports. Example 17 illustrates mid-quarter changes that result in an increase.

Handbook Section 89-110.3(QR) Example 13

63. Comment:

*"The QR regulations don't have the Example 13 parallel of the MR section. We recommend keeping it to show the start date and multiple change principles. So, for example, if mom is on a Jan-Mar quarter, and the information is received in the report month (3<sup>rd</sup>), it wouldn't take effect until April. Because she is reasonably anticipated to still qualify for the exempt MAP in the next payment quarter, she'll remain exempt. The county knows the income will end, but that is a separate change, and it is not done unless it results in an increase of aid." (LSNC)*

Response:

The Department disagrees with the comment to provide a parallel Example 13 to the examples in the QR section. QR examples are provided in Examples 17 and 18 that illustrate mid-quarter changes that result in an increase and decrease. It is not the intent of this regulation to clarify treatment of separate and sequential changes. However, a new regulation is being added to Section 44-316.3(QR) to instruct counties that changes that affect cash aid and eligibility are treated separately and in the sequence that the changes occurred.

#### Handbook Section 89-110.3(QR) Example 14

64. Comment:

*"For accuracy and clarity, we recommend correcting the wording as follows:*

"An existing AU is in an October/November/December quarter. On the November QR 7, the recipient reported and verifies the receipt of SDI in the Data Month. The county ~~agrees with the recipient's QR 7 information and~~ [or instead of the client verifying, state here, "the county verifies the information and] uses the Exempt MAP status to determine financial eligibility and cash aid for the next QR Payment Quarter." (LSNC)

Response:

The Department agrees with the suggestion to replace the phrase "agrees with" with the term "verifies."

#### Handbook Section 89-110.3(QR) Example 18

65. Comment:

*"There are misplaced commas, as follows:*

"(QR) An AU of one, a pregnant woman only case, is in an October/November/December quarter. The AU has been receiving aid based on exempt MAP status in accordance with Section 89-110.213. On November 5, the mother voluntarily reports to the county, the birth of the child, and requests aid for the child." (LSNC)

Response:

The Department agrees with the comment that the example can be more clearly written. However, rather than removing the comma, the phrase "to the county," is deleted because it is understood in context that the report is to the county.

#### Handbook Section 89-110.3(QR) Example 21

66. Comment:

*"With the sanction cure/lifting clarifications, we recommend the continuation of Example 21 in the QR regulations, as follows:*

"The AU consists of one parent and two aided children. The AU receives Nonexempt MAP, and has a January, February, March Quarter. ~~The AU is in retrospective budgeting.~~ On January 1, the parent started a six-month sanction period for non-cooperation with the CalWORKs WTW requirements. On the Monthly Report for

February, the parent reported and verified that he started to receive SDI on February 15. If changing the AU to Exempt increases the aid, the change would be effective the first of the next payment quarter. In making the determination of whether this change would increase the aid to the AU, the county must determine if the parent qualifies for an exemption from WTW, and thus a rescission of the sanction. ~~The change in the AU's status from Nonexempt to Exempt MAP is effective March 1. The parent's WTW sanction has no impact on Exempt/Nonexempt MAP status. Therefore, since the AU was already using retrospective budgeting, the Nonexempt MAP continues for March and April based on the Nonexempt status in January and February. The CWD provides the AU with the appropriate notice of action and begins to use the Exempt MAP for May, the payment month that corresponds to the budget month that reflects the status change.~~

Response:

The Department disagrees with the comment to provide a QR example regarding sanction cure/lifting. The resulting outcome to Handbook Section 89-110.33(QR) Example 21 is the same essential rule covered in Handbook Section 89-110.33(QR) Example 14 that refers to a change in status reported on the QR7.

g) 15-Day Renotice Statement

Pursuant to Government Code Section 11346.8, a 15-day renotice and complete text of modifications made to the regulations were made available to the public following the public hearing. Written testimony on the modifications renoticed for public comment from February 4, 2005 to February 18, 2005 was received from the following:

- **Shasta County Department of Social Services (SH-DSS)**
- **Western Center on Law and Poverty/Legal Services of Northern California (WCLP/LSNC)**

The comments received and the Department's responses to those comments follow in numerical order. At the end of each comment is the acronym of the commenter in parentheses. General comments follow the specifically identified comments.

**Section 22-305.422(a)(2)(QR) Example**

**Comment:**

WCLP/LSNC appreciated that the Department accepted their comments on how to improve this example. "However, as we had commented in August 2004, even with our suggested changes, the situation in the example still does not affirmatively and unequivocally establish an IPV since the County Welfare Department (CWD) has an affirmative duty to resolve the conflicting information received from the recipient and/or third party sources. If the CWD contacts the

recipient, and the recipient turns in a corrected QR 7 in this example, then this should not be considered an IPV. To illustrate an IPV example, the example should involve a recipient who never reports starting work or the income.”

**Response:**

The issue raised by the commenter was previously addressed. See the Department’s response to comment No. 2 of the original public hearing testimony.

**Section 40-103.5**

**Comment:**

WCLP/LSNC testified that as they commented earlier, “the second month in a quarter should be referred to as ‘report month,’ rather than ‘data month.’ Other important documents refer to the second month as ‘report month.’ For example, question 1, Part 1 of the QR 7 asks, ‘What happens in the report month?’”

**Response:**

This regulation was not amended subsequent to the original public hearing. Therefore, the comment is outside the scope of the 15-day renote testimony. However, the Department responded to this comment after the original public hearing. See the Department’s response to Comment No. 3 of the original public hearing testimony.

**Section 40-105.4(h)(QR)**

SCDSS stated that, once verification of immunization is submitted the grant is increased to reflect the needs of the parent(s)/caretaker relative effective the first of the month following the month in which verification is received (see Section 44-316.331(d)(QR)). SCDSS continued by commenting that:

**Comment:**

- “CWDs goals are to work with parents to encourage/ensure that children under age 6 are immunized.
- “Often parents have a difficult time obtaining the verification of immunization because they have lost the verification or they have barriers in getting to the doctors/health department for duplicate verification.
- “The individuals in the family who are penalized for failure to provide immunization are still in the AU, their needs are not being considered.
- “CWDs do not add individuals back in when a penalty is lifted; the CWD issues a supplement to meet the needs of the individual once the verification is received.

- “By changing the regulation to the first of the month following the month verification is received implies that the individual is being added back into the AU, when they have been a continuous member of the AU. We are concerned that this change may lead to confusion between adding new AU members’ and lifting a penalty.
- “We believe lifting the immunization penalty **effective the first of the month in which verification is received** supports the CWDs relationship with the client, ensures their children are immunized, helps the client meet their financial needs and detaches the connection to adding individuals to AU which may or may not be the first of the following month.
- “If CWDs are directed to wait and lift the penalty effective the first of the month following the month verification is received, we believe it will harm families financially, making it more difficult for them to meet their financial needs and weaken the CWDs relationship with the client.”

**Response:**

As indicated by the commenter, the post hearing change to this regulation provides that once verification of immunization is submitted, the grant is increased to reflect the needs of the caretaker relative effective the first of the month following the month verification is received. This change is being made to eliminate a conflict in the regulations and for consistency with other QR regulations. This change is also necessary to comply with Welfare and Institutions Code Section 11265.2(e). Therefore, the Department cannot amend this regulation as suggested by the commenter.

**Section 40-105.5(g)(QR)**

SCDSS stated that, the needs of the parent(s)/caretaker relative or child(ren) shall be restored effective the first of the month following the month in which verification of regular school attendance is received (See Section 44-316.331 (d)(QR). SCDSS continued by commenting that:

**Comment:**

“CWDs goals are to work with parents to encourage/ensure school age children attend school regularly.

- “CWDs attempt to work closely with their local schools and parents to get and keep children enrolled in school and attend regularly.
- “Teenage children, at times, may not always meet their parent’s request/direction to attend school, in those cases the CWDs, the schools and the parents work together to keep the child in school.
- “We believe that lifting the school attendance penalty **effective the first of the month in which verification is received** supports the family for doing what the CWD and schools



have required, keeps their child in school. It also strengthens the relationship between all entities.

- “We believe that lifting the penalty the first of the month following the month in which verification is received will harm families and make it more difficult time for them to support their families. It also weakens the CWDs and schools relationship with the client.”

**Response:**

As indicated by the commenter, the post hearing change to this regulation provides that once verification of regular school attendance is submitted, the grant is increased to reflect the needs to the caretaker relative effective the first of the month following the month verification is received. This change is being made to eliminate a conflict in the regulations and for consistency with other QR regulations. This change is also necessary to comply with Welfare and Institutions Code Section 11265.2(e). Therefore, the Department cannot amend this regulation as suggested by the commenter.

**Section 44-101(b)(2)(QR)**

**Comment:**

WCLP/LSNC testified that as written, this section is not entirely correct. “Under California Family Code sections 780 and 781, if the personal injuries giving rise to the cause of action arose during the marriage, then the funds awarded are community income. However, if the injuries arose after the dissolution or separation of the marriage, then the funds awarded are separate income. Listing the factors in Family Code section 781 would help to clarify the issue here.”

**Response:**

This regulation was not amended subsequent to the original public hearing. Therefore, the comment is outside the scope of the 15-day renote testimony. However, the Department responded to this comment after the original public hearing. See the Department’s response to Comment No. 14 of the original public hearing testimony.

**Section 44-101(c)(QR)(1)**

SCDSS stated that income is reasonably anticipated when the county determines it is reasonably certain that the recipient will receive a specified amount of income during any month of the QR Payment Quarter. This definition applies to both earned and unearned income. See Section 44-3153.31(QR). SCDSS continued by commenting that:

**Comment:**

In the last sentence “This definition applies to both **earned and unearned income.**” Shouldn’t that sentence also include **Disability Based Income**?

**Response:**

This regulation was not amended subsequent to the public hearing and, therefore, it is outside the scope of the 15-day notice testimony. However, in response to the comment, unearned income includes disability-based income.

#### **Section 44-133.54**

##### **Comment:**

WCLP/LSNC testified that Example 3 beginning with the sentence stating that "2) the aided mother's ineligible non-citizen child in common who has no deprivation" does not make sense since the father is making \$375 per month and thus is likely to be "unemployed" for purposes of deprivation. "Who has no deprivation" should be deleted. Since the non-citizen child is not eligible due to her immigration status, having "who has no deprivation" adds nothing to the example.

##### **Response:**

This regulation was not amended subsequent to the original public hearing. Therefore, the comment is outside the scope of the 15-day notice testimony. However, the Department responded to this same issue, which was raised in the commenter's original public hearing testimony. See the Department's response to Comment No. 18 of the original public hearing testimony.

#### **Section 44-313.1**

##### **Comment:**

WCLP/LSNC addressed this section on Prospective Budgeting and reiterated their concerns for a recipient who expects to receive little or no income in the first and/or second month but a high amount exceeding the IRT in the third month of the next payment quarter. In this situation, a recipient's average reasonably anticipated income may result in no aid for the entire payment quarter, and the recipient will have little or no income at all to live on in the first and/or second month of the quarter. For example, an assistance unit of 2 reports on the QR 7 due in September that they anticipate no income in October and November but that they will start working with overtime in December in a job that will end on December 31st. The AU anticipates earning \$0 in October and November, but \$2500 in December. Under QR Prospective Budgeting, the AU would be ineligible for aid for the entire October-December Payment Quarter. However, the AU will not have any income to live on for the first two months since Reduced Income Supplemental Payments (RISP) and suspense months have been eliminated. Also, discontinuing the AU seems improper since it is reasonably anticipated that the income will not continue.

It is odd that if this AU could not have anticipated the high income in December but reports the high income December based on the IRT requirement, the AU would not be discontinued and would not have to suffer from not having any income or any CalWORKs cash benefits in October and November.

**Response:**

This comment reiterates one of the concerns expressed by the commenter in Comment No. 40 of the original public hearing testimony regarding Section 44-316.324(c)(1)(A)(QR). The Department's response to the original comment addresses the concern raised here by the commenter. See Department's response to Comment No. 40 of the original public hearing testimony.

**Section 44-316.311(QR)**

SCDSS stated that in (QR) .311 When a voluntary report is made by the recipient regarding changes in income and/or circumstances during the QR Payment Quarter, the county must request verification in writing.

**(QR)(a)** If the recipient provides verification within 10 days of the voluntary midquarter report, the change is **effective the first of the month following the voluntary report**. SCDSS continued by commenting that:

**Comment:**

**“This is in conflict with [Section] 44-316.312(QR)(4)** The county shall issue a supplement within ten days of receiving verification. The supplement shall be based on the difference between the recalculated cash aid and the cash aid that was paid for the month the **decrease in income is reported** or the month the **change actually occurs** whichever is later and when all verification has been provided (see Section 44-340.34(QR)).”

**Response:**

The Department agrees with the commenter and will revise Section 44-316.311(a)(QR) to make reference to the exception provided in Section 44-316.312(a)(4)(QR).

**Section 44-316.312(QR)(5)** [This section was cited incorrectly and the testifier is actually commenting on Section 44-316.312(b)(5)(QR).]

SCDSS stated that if the addition of a new person would result in a decrease in the existing AU's cash aid, the county shall not add the new person until the first day of the next QR Payment Quarter that follows the mandatory reporting of the new person on the QR 7, after all verification has been provided and all eligibility conditions have been met (see except as provided in Section 82-832.3(QR)).

**Comment:**

See Public Comments for [Section] 82-832.3(QR)

**Response:**

This regulation did not change in substance or intent from what was provided in the original public hearing. It was merely renumbered and a clarification was made to the regulation's reference to Section 82-832.3 to say: "except as provided in" rather than "see". Therefore, the comment appears to be outside the scope of the 15-day renote testimony. Regardless, the response provided to the commenter's comment No. 58 on Section 82-832.3 in the original public hearing regulation package still applies. Also, see the Department's response to comment No. 10 of the original public hearing testimony.

**Section 44-316.316(a)(1)(QR)(3)** [This section was cited incorrectly and the testifier is actually commenting on Section 44-316.312(a)(3)(QR).]

WCLP/LSNC testified that the Department should delete "new reasonably anticipated" and go back to the previous language of "actual." The sentence would read "The county shall use the *actual* income received for the month in which the decreased income occurred or the month it was reported...."

WCLP/LSNC continued by stating that they understand what this section is trying to state – that a recipient may report as soon as she discovers that her income will decrease even if it is not going to happen until later in that month. However, as written, it seems incorrect grammatically to say that the income is "new[ly] reasonably anticipated," and yet "received" already "for the month in which the decreased income occurred...."

**Response:**

The Department disagrees with the commenter, as the term "new reasonably anticipated" income better reflects regulatory intent than does the word "actual". In this situation, the income would need to be reasonably anticipated for the remainder of the month. However, the Department has deleted the term "received" in this regulation in order to address the grammatical concern raised by the commenter.

#### **Section 44-316.331(s)(QR)**

SCDSS stated that when it becomes known to the county that an individual is confined in a correctional facility on the first of a month and is expected to remain for a full calendar month or more (see Section 82-812.62). SCDSS continued by commenting that:

#### **Comment:**

- “This conflicts with the client’s mid-quarter reporting responsibilities.
- “If reported, the CWD would take action, if not, the CWD would not take action; equity issue, treating families differently.
- “If a CWD received a jail match, would this regulation require the CWD to take action, or would the CWD be required to take action only if the family voluntarily reported it?
- “We are in support of this regulation, it needs more direction/clarification.”

#### **Response:**

The Department has determined that this regulation clearly conveys its intent as written, because it applies whenever the change becomes known to the county, regardless of how that knowledge is acquired. The regulation neither states nor is intended to effect recipient mid-quarter reporting requirements and it does not require the recipient to report this information.

#### **Section 44-318.14**

#### **Comment:**

WCLP/LSNC testified that the previous language was actually more clear. At times, it may be unclear as to "when the person is required to be in the AU" under the quarterly reporting system. For example, a second parent is a mandatory AU member who can be added during the quarter in which he moves in if the AU makes a voluntary mid- report or in the following quarter. However, if the AU does not report, the second parent will be added the following quarter.

#### **Response:**

The Department disagrees with the commenter. This regulation is only intended to address the beginning date of aid for unreported persons in the home who are required to be included in the assistance unit. Under QR that would not include persons who can be voluntarily added during the quarter. Rather, it applies only to persons who should have been reported on the QR 7, but were not and who would have been added to the AU at the beginning of the next quarter, but were not because of the reporting failure. This regulation provides specific instruction for that situation as intended.

#### **Section 44-340.33(OR)**

#### **Comment:**

WCLP/LSNC testified that an exception to the rule that no underpayment shall be assessed if the recipients do not voluntarily report the decrease in income should be made for recipients who have good cause (i.e. illness, family crisis) for not making a voluntary report.

WCLP/NCLS suggested adding the phrase "unless the recipient good cause for not making a voluntary report" at the end of the sentence.

**Response:**

This regulation was not amended subsequent to the original public hearing. Therefore, this comment is outside the scope of the 15-day renote testimony. Further, this comment reiterates comment No. 49 of the original public hearing testimony. See the Department's response to that comment

**Section 44-350**

**Comment:**

WCLP/LSNC testified that there should be a section explaining what the CWD should do if the overpayment computation affects other aspects of reporting and calculating grant amounts. WCLP/NCLS testified that the regulations should instruct counties to review the overpayment quarter and the subsequent payment quarter for possible underpayments.

**Response:**

The issue presented in this comment was previously raised by the commenter and addressed in the Department's response to Comment No. 50 of the original public hearing testimony. Please see that response.

**Section 44-352.111**

**Comment:**

WCLP/LSNC testified that Subsection (b) should be deleted. If the county fails to act on the information reported by the AU about excess property for more than one quarter, the county then deprives the AU of the opportunity to spend down the resource so that they may be eligible for aid in subsequent quarters. This is because they will not realize that the property makes them ineligible. It should be presumed that if an AU received timely notice of discontinuance based on excess property and their right to spend down, that it would have reduced the property in time to avoid a discontinuance. At minimum, subsection (b) should be revised to state that overpayment due to county's failure to act will not be assessed for more than one quarter.

**Response:**

There is no statutory authority to develop a regulation that would relieve an AU from an overpayment, even if it is caused by the county agency. State law requires the collection of both county caused and client caused overpayments.

**Section 82-824.14(QR)**

**Comment:**

SCDSS stated that in Section 82-824.14(QR) Combining AUs Mid-Quarter

(QR) .141 When a voluntary report is made that would combine separate AUs mid-quarter, the county shall determine if the mid-quarter action of combining the AUs would increase or decrease aid for the separate AUs.

(QR) .142 The county shall compare the monthly grant for the combined AUs to the total combined monthly grants of the separate AUs.

(QR) .143 If the combined AU's monthly grant would be higher than the total combined monthly grant of two separate AUs, the county shall take midquarter action to combine the separate AUs the first of the month following the voluntary report.

(QR) .144 If the combined AU's monthly grant does not result in an increase to the total combined monthly grant of the separate AUs, the county shall not take mid-quarter action to combine the AUs. The combining of the separate AUs shall be effective the first of the next QR Payment Quarter, after the change(s) is reported on the QR 7.

SCDSS continued by commenting that:

**Comment:**

- “In order to accomplish this change CDSS would need to have clearer guidance,
  - “ e.g., the case with the caretaker relative of the main Assistance Unit will be the cycle in which the required change will need to have action taken on, either the month following the month of voluntary report, if it increases benefits mid-quarter, or the first month of the next payment quarter after required to be reported on the QR 7, except when a reinvestigation is occurring, then the first of the next month.”

**Response:**

The Department has determined that this regulation provides sufficient regulatory guidance to the counties as it provides a step-by-step process that counties are to follow in this situation. The exact nature of the commenter's concern is unclear and does not appear to be a major issue. However, the Department will explore this potential issue for a future clean-up regulation package.

**Section 82-832.3(QR)**

SCDSS stated:

Section 82-832.3 Add a Person Who Becomes Ineligible Prior to Authorization of Aid Section 82-832.3(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) A new person who has been mandatorily reported on the QR 7 and determined eligible based on the QR 7 information, shall be treated as an excluded person for the next QR Payment Quarter when ineligibility occurs after the QR Data Month but prior to the authorization of aid (see Section 40-171.221). This person's income and needs, as reported on the QR 7, shall be treated in accordance with Section 44-133.5 for the next QR Payment Quarter for the remaining AU members and the AU shall be discontinued at the end of that quarter in which the individual was treated as an excluded person, if the subsequent QR 7 establishes that ineligibility continues to exist for the AU.

HANDBOOK BEGINS HERE

Example:

An AU is aided based on absent parent deprivation. The current QR Payment Quarter is January/February/March. In January, the absent father returned to the home and is reported for the first time on the QR 7 for the Data Month of February. The father, who was determined to be the principal earner, was receiving UIB in the first month (January) and in the Data Month and was initially determined eligible as an unemployed parent based on the QR 7 information. However, when the county completed the interview in the Submit Month, it was learned that the father had accepted a full-time job in the Submit Month of March. Since the principal earner has accepted full-time employment and deprivation due to unemployment was not established prior to the authorization of aid for the father, the county shall deny aid to the father in accordance with Section 40-171.221(g) and instruct the AU to report the father's full-time employment on the QR 7 due in June (for May). Because ineligibility for the father has occurred after the QR Data Month but prior to the authorization of aid, his reasonably anticipated income as reported on the QR 7 for February, and needs shall be treated as those of an excluded person in accordance with Section 44-133.5 for the next QR Payment Quarter. The existing AU's 79 deprivation is not affected until the father's full-time employment that occurred midquarter (in March) is reported on the subsequent QR 7. If the subsequent QR 7 establishes that ineligibility exists for the AU, the county shall discontinue cash aid at the end of that quarter once timely and adequate notice has been provided.

HANDBOOK ENDS HERE



**Comment:**

SCDSS referred to this earlier section.

- **“Section 41-405.1.11 (QR) –** When a basis for deprivation ceases mid-quarter, the county shall not take mid-quarter action based on changes in deprivation. Any changes in deprivation shall be reported on the QR 7 and any change in eligibility or grant amount that results from the **change in deprivation shall be effective the first day of the next QR Payment Quarter.**
- “We are in agreement with this regulation [Section] 41-405.1.11 (QR).
- “We believe regulation [Section] 82-832.3, excluded person regulation, is in conflict with this regulation.
- “The HH comp change occurred during the QR 7 reporting period. All of the information must be reported on the QR 7 in the submit month and the action **must take effect no later than the first day of the next QR Payment Quarter.** This includes:
  - “Absent parents returning to the home and deprivation is established prior to taking authorization action and they are not added until the first of the following QR Payment Quarter because adding them mid-quarter would decrease in benefits to the existing AU.
  - **“Example:** Current Quarter is Jan/Feb/March. Absent parent (father) returns to the home in December. December is part of the QR 7 reporting period. The aided parent (mother) voluntarily reports in January that the father returned to the home in December.

“The CWD determines that deprivation changes to unemployed parent deprivation, however, adding dad mid-quarter would decrease benefits, so dad is pended ‘held over’ until the first month of the following payment quarter after dad is required to be reported on the QR 7.

“During the submit month, in which dad is pended ‘held over’, he accepts full-time employment. Dad is considered an applicant and must report to the CWD within 5 days. Since authorization action to add dad to the existing AU has not occurred, then the applicant, dad, no longer has eligibility to be added to the AU effective the first of the next payment quarter AND deprivation ceases for the AU during the time in which dad is an applicant AND the CWD can no longer determine continued eligibility. Regulations cite 40-171.221 states aid is to be denied if ineligibility occurs prior to actual granting action taking place. We believe the CWD must deny the application for dad when ineligibility occurs prior to authorizing action. The current AU no longer has absent parent deprivation effective the end of the submit month and doesn’t have any continued unemployed parent deprivation either for the next payment quarter; therefore the

current AU is ineligible to continue to receive cash aid. The AU should be discontinued the end of the current payment quarter in which dad became full time employed and deprivation ceased.

**SCDSS recommends eliminating this regulation.**

“Note: if the CWD completed a reinvestigation at the same time they were adding dad, then dad would be required to be included at the beginning of the reinvestigation process and cannot be pended ‘held over’ until the next payment quarter.”

**Response:**

The Department does not agree that this regulation should be eliminated as suggested by the commenter. This comment appears to reiterate the concerns expressed by the commenter in the original public hearing testimony (see comment No. 58). The Department’s response to that testimony is also applicable here. Also, see response to comment No. 10 of the original public hearing testimony.

**Section 89-110.3**

**Comment:**

WCLP/LSNC commented on the following examples:

Example 12 (Determining Status for Recipients)

“The QR regulations do not include example 12 which parallels the MR regulations. We suggest keeping the example to show two aspects of the MAP rule. 1) if the SDI receipt was anticipated (prior quarter reporting), then the change would have been effective the first of the payment quarter, even though the income did not start until January 5th; 2) if not reasonably anticipated (for example, when the amount of the start date of the income is too indefinite), and it is a mid-quarter report made in January, the exempt MAP would be effective in February and for the rest of the payment quarter, if this would lead to an increase in the grant. (The latter would depend on the wages from the employment that presumably stopped or were reduced because of the illness or injury that is the basis for SDI eligibility.)”

**Response:**

This issue was previously raised by the commenter and was addressed in the Department's response to comment No. 62 of the original public testimony. Please see that response.

**Comment:** (Continued)

Example 13 (AU Changes for Nonexempt to Exempt to Nonexempt MAP)

"The QR regulations do not have example 13 which parallels the MR section. We recommend having one to show the start date and multiple change principles. For example, if mom is on a January-March quarter, and the information is received in the submit month (third month), it would not take effect until April. Because she is reasonably anticipated to still qualify for the exempt MAP in the next payment quarter, she will remain exempt. The county knows the income will end, but that is a separate change, and it should not be acted upon unless it results in an increase of aid."

**Response:**

This issue was previously raised by the commenter and was addressed in the Department's response to Comment No. 63 of the original public testimony. Please see that response.

**Comment:** (Continued)

Example 21 (CalWORKs Welfare-to-Work Sanction - Nonexempt to Exempt)

WCLP/LSNC recommended having Example 21 for the QR regulations. It should read as follows:

"The AU consists of one parent and two aided children. The AU receives Nonexempt MAP and has a January - March quarter. On January 1st, the parent started a six-month sanction period for non-cooperation with the CalWORKs WTW requirements. On the mid-quarter QR 3 Report, the parent reported and verified that he started to receive SDI on February 15th. If changing the AU to Exempt would increase the aid, the change to the exempt MAP would be effective the last month of the current quarter. In making the determination of whether this change would increase the aid to the AU, the county must determine whether the parent qualifies for an exemption from WTW, and thus a rescission of the sanction."

**Response:**

The Department disagrees with the commenter's recommendation to add a QR example regarding sanction curing/lifting. The resulting outcome of the commenter's suggested Example 21 is the same essential rule covered in Handbook Section 89-110.33(QR) Example 17, which illustrates mid-quarter changes that result in an increase.

g) Second 15-Day Renotice Statement

Pursuant to Government Code Section 11346.8, a second 15-day renotice and complete text of modifications made to the regulations were made available to the public following the original 15-day renotice.

The second 15-Day Renotice that was held from March 25, 2005 and held open through April 11, 2005, elicited no further testimony and no further changes made to the regulations.